States of Jersey

FINANCIAL REPORT AND ACCOUNTS 2015

TREASURY
& RESOURCES

R.63/2016

States of Jersey

FINANCIAL REPORT AND ACCOUNTS

2015

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1 The Minister's Report

1.1 The Minister's Report

Throughout 2015 the government's strategic priorities have informed our financial planning. We have been focussing on the future by prioritising Health, Education, growing the economy, working towards sustainable public finances and investing in infrastructure.

While our economy and income are growing there are challenges ahead that our financial strategy must take into account. We are investing in health services to respond to the global challenge of an ageing population; we are improving standards and opportunity in our education system; working to sustain our strong economic performance and international reputation, and investing in infrastructure and housing, while also maintaining a disciplined and prudent management of our public finances.

We have been investing in reforming the public sector to help free up funds to invest in the agreed priorities. We have been taking a long hard look at what services government should deliver and how essential services should be provided.

There is absolutely no room for complacency, especially as global economic conditions remain fragile, however it is pleasing to see the States Accounts reflecting the success of the strategies for growing the economy. The economy returned to growth in 2014 and GVA was up nearly 5% in real terms. This was driven by significant increases in profit from financial services which have contributed to a steady, but improved, income. The Fiscal Policy Panel also forecast further growth in 2015 and into 2016, although they have emphasised the risks to the economic outlook.

The figures also demonstrate departments' success in delivering their services while making an ongoing 2% saving, as required in Budget 2015.

As well as the 2% saving ministers agreed further one-off reductions to budgets of £5 million. Departments managed these reductions in budgets and also underspent by £24.9 million. This provided £6 million to be returned to the States current account and £6 million to be carried forward into 2016 for the Long Term Care Fund.

These measures improved the position of our finances without affecting the delivery of ongoing projects and agreed priority areas.

This report underlines the strength of Jersey's finances. It also offers islanders the opportunity to scrutinise the way Government departments fund their services and how effectively the Government has prioritised spending while moving towards balanced budgets.

The strength of the balance sheet is evident. It places the Island in the enviable position of maintaining confidence and security for the future with the flexibility to invest in priority areas, like health and education, while steadily restoring the balance to our finances without threatening economic recovery.

Our strength in reserves is often commented upon and is reflected in our excellent AA international credit rating from Standard and Poor's. The amending of the rating from AA+ to AA was not a reflection of the Island's current performance or of the strength of our finances. The rating adjustment reflects the agency's reassessment of all small jurisdictions, derived in part from the UK's forthcoming referendum on EU membership and their anticipation of increasing regulatory demands.

Investment returns were positive in 2015. While they did not match the performance of the previous two years, which saw outstanding returns, the returns reflected market conditions and continued to outperform the three year benchmark used to monitor performance. We must remember that our larger funds are managed under long term investment strategies.

The funding of the Long Term Care scheme, which began in 2014 through contributions from the States, continued in 2015 with residents paying their first contributions into the Fund. The scheme provides financial support to Jersey residents who are likely to need long-term care, either in their own home or in a care home. This scheme is an important initiative in addressing the financial consequences for people and government, with care costs predicted to more than double by 2044.

Between now and 2020 we plan to invest £96 million more in health; £27 million more in education; £20 million for projects to boost economic and productivity growth, and a further £168 million in the capital programme. This investment will run alongside the strategy agreed by the States Assembly to balance the books by 2019, through savings, restructuring, economic growth and some charges. We are making difficult decisions now that will benefit future generations, so we can maintain Jersey as a place we can be proud to pass on to our children and grandchildren.

2015 saw investment of £45.6 million in important infrastructure, such as the new Police Station, a new school in St Martin and £4.7 million on expanding primary school capacity. It is important that this investment continues with a further £168 million earmarked over the period 2016–2019, for projects including a new Les Quennevais school. Further plans are also being developed for the delivery of a new hospital.

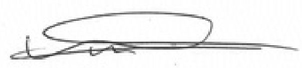
In October 2015 Ports of Jersey was incorporated as a wholly owned States subsidiary, while Andium Homes had its first full year of operation after its incorporation the previous year. In 2015 Andium spent £27.3 million from the £250 million public bond issued in 2014 to bring more homes up to the Decent Homes Standard and to develop much needed new homes.

Like many other governments we need to respond to the growing demand on services of an ageing population. Unlike most other governments, we start from a strong position and it is essential that we make the most of that advantage. We will press forward with improvements to our education system, effective strategies to maintain our strong economy and deliver efficient, effective services to ensure we can sustain provision into the future.

Thanks

I would like to thank all the staff across the States of Jersey for their contribution throughout the year. I would like to thank my Assistant Minister during 2015, Deputy Tracey Vallois, and my current Assistant Minister, Connétable John Refault, for their hard work and support. I would also like to extend a welcome to our new Comptroller of Taxes, Richard Summersgill, who is contributing many new ideas to the ongoing reform of our tax system.

I am determined that we maintain strong public finances and balance the books as the economy recovers, while planning prudently to meet the funding challenges we face rather than pass problems onto future generations. Fundamental to this objective is the need to restructure the public sector and change the way services are delivered.



Senator Alan Maclean
Minister for Treasury and Resources
Date: 31st May 2016

2 The Treasurer's Report

2.1 Highlights

These accounts include the results against income and expenditure approved by the States Assembly in the Budget and Medium Term Financial Plan but the financial statements also include the results of the wider States of Jersey group which includes entities such as Andium Homes Limited, the States of Jersey Development Company and Ports of Jersey.

2015 is the final year of the first MTFP. That three year MTFP period has coincided with a period of global financial uncertainty, and there has been some nervousness around the likely position of States of Jersey finances as a consequence, but the final outturn for 2015 is more positive than that projected in the MTFP. The highlights below draw out some high level points of interest.

Income vs Expenditure *Consolidated States of Jersey Group*	Expenditure exceeded income for the year by £41.9 million in 2015 compared to income exceeding expenditure by £17.1 million in 2014. The movement of £59.0 million between years comprised: • A decrease in income of £58 million in 2015, principally due to lower investment income. • An increase in expenditure of £1 million in 2015.
Income vs Expenditure *States Assembly Approved*	Before depreciation, expenditure exceeded income by £5.3 million compared to £17.1 million in 2014. This is the net impact of greater revenue income of £34.7 million offset by an increase in net revenue expenditure of £22.9 million in 2015. Inclusive of depreciation, expenditure exceeded income in 2015 by £49.9 million compared to £76.4 million in 2014.
Income	Total Revenue Income remained strong at £1.11 billion. This was £57.9 million lower than 2014 as a result of lower investment returns of £101.7 million partially offset by **income from taxation and other States charges** which was £39.6 million higher than 2014. Included in the above, **General Revenue Income** was £34.7 million higher than 2014 largely as a result of an increase in income tax receipts and the inclusion of a full year of return from Andium Homes Limited.
Expenditure	Total Revenue Expenditure of £1.15 billion was incurred during the year. This was an increase of £1.0 million compared to 2014. This includes a net reduction associated with the movement in the valuation of pension past service debts of £41.6 million offset by increases in the impairment of assets and losses on disposal as well as an increase in social benefit payments for Long Term Care. Departments returned 2% savings on budgets in 2015 and returned a further £10.9 million of unspent budgets by the end of 2015. After these budget adjustments and ignoring non-recurring items in 2014 and 2015 such as the spend on the Independent Jersey Care Inquiry, the impact of removing the Housing Department, Voluntary Release Scheme costs and one-off grants for Jersey Innovation Fund, Criminal Offences Confiscation Funds to the Police Headquarters and the purchase of Plémont, **Departmental Expenditure decreased** by approximately £1.3 million in 2015.
Strong Balance Sheet	The balance sheet has grown further in 2015 with an increase in the net asset balance of £166 million to £5.9 billion, largely as a result of investment returns and the revaluation of property, infrastructure and strategic investments. The 2015 position also includes the transfer of a number of assets to other entities including the old St Martin's School to the Parish of St Martin, Jersey Archive to Jersey Heritage and the former Jersey College for Girls school to the States of Jersey Development Company.
Capital Projects	Departments spent a total of £45.6 million on capital projects in 2015, with a further £11.1 million spent by trading operations.

Investment Performance	The Common Investment Fund has generated an annual return over the last 3 years of 8.85% with a net return of £76.5 million in 2015. The equity value of our Strategic Investments in utility companies has increased by £45.2 million (14.6%) to £355.6 million. The investment in Jersey Electricity increased in value by £23.0 million (30.8%) and the valuation of JT increased by £12.6 million (7.0%).
Reserves	The balance in the Strategic Reserve decreased from £786.5 million to £771.4 million over 2015, a decrease of £15.1 million (1.9%). The movement reflects net earnings of £21.6 million less transfers out £36.7 million. The transfers from the Fund were approved by the States Assembly for: £10.0 million related to funding for the Independent Jersey Care Inquiry, £22.7 million to the Hospital Replacement Project and £4.0 million for redundancies. The balances in the four Social Security Funds increased in 2015 to a total value of over £1.46 billion.
Pension Liabilities	The Accounts include disclosures in respect of the States' two main pension schemes, the Public Employees Contributory Retirement Scheme (PECRS) and the Jersey Teachers' Superannuation Fund (JTSF). They are recognised as defined contribution schemes and, as such, only the contributions made in each year are recognised in the financial statements.

2.2 Summary of Performance

The following summary of performance focuses on the income and expenditure approved by the States Assembly but does also include a summary of the other consolidated areas outside of the approval framework.

- Income Tax was £12.9 million more than 2014 and £14.6 million more than forecast in Budget 2016. Within the increase from 2014, Business Tax increased by £4.3 million and Personal Tax £8.6 million, of which, £6.7 million was due from the 2015 estimated assessments for current year basis tax payers reflecting the year on year increase in the number of CYB tax payers.
- Goods and Services Tax (GST) was £4.8 million more than 2014 and £1.3 million more than forecast in Budget 2016 due to a reduction in the bad debt provision and a net increase in activity as well as a low number of one-off high value items.
- Stamp Duty was £3.1 million more than 2014 and £2.1 million more than forecast in Budget 2016 which reflects the continued upturn in the housing market and the impact of duty from higher value property purchases.
- Fines and Other Income was £13.9 million more than 2014 and £2.4 million more than forecast in Budget 2016 mainly due to the full year impact of the Andium Homes return and additional dividends received.

Departmental Near Cash Net Revenue Expenditure (the amount spent on day-to-day activities) was £22.9 million higher than 2014 and £24.9 million lower than the final approved amount after carry forwards and other allocations at £697.0 million.

- Social Security expenditure was £13.0 million less than budgeted after making a £1.4 million grant to the Long Term Care Fund mainly due to a £10.9 million underspend in Income Support, £8.0 million of which was a result of weekly benefit claim numbers being consistently lower than budgeted.
- Transport and Technical Services spent £3.2 million less than budgeted due to greater than anticipated tipping fee income from several large construction projects and staff cost management across the department partly offset by an underachievement of income from electricity generation at the Energy from Waste plant due to the low unit rate.
- Chief Minister's Department spent £1.8 million less than budgeted mainly due to the timing of spend in respect of the Public Sector Reform programme, staff and training savings within Human Resources and equipment

purchase and training underspends in Information Services which were partially offset by an overspend in the Policy Unit.

- Education Sport and Culture spent £1.7 million less than budgeted mainly due to underspends on Higher Education grants reflecting a downward trend in students accessing higher education off-island in recent years.
- Departments have carried forward £19.1 million of these underspends of approved expenditure into 2016 for projects and other spending pressures with the remaining £5.9 million returned to the States' current account.

In addition, removing the £22.5 million of Budget Measures planned to be returned to the consolidated fund, £10.1 million of Central Contingency was not allocated in 2015. This has be carried forward into 2016.

Depreciation charges relating to the use of Property, Plant and Equipment by the States for Ministerial and Non-Ministerial departments broke even against budget but were £14.6 million lower than 2014 due to the full year impact of incorporating the Housing Department and adjustments to asset lives in Transport and Technical Services in 2014.

After adjusting for other Non-Cash charges, Trading Operations, Special Funds and other accounting adjustments there was an accounting deficit of £41.9 million for the year – this in general relates to the amounts that are not available for everyday expenditure approved by the States Assembly.

- Special Funds and Social Security Funds saw Net Income of over £62.7 million comprising investment returns and contributions. These funds are identified for specific purposes in law.
- The Common Investment Fund generated significant income for the States of Jersey during 2015, earning net income of £59.1 million on States of Jersey group assets, increasing the net asset position to £2.5 billion. This level of return is significantly lower than the previous few years due to market conditions.
- The most significant Accounting Adjustment was the £23.3 million decrease in the pension liabilities which is predominantly the impact of a decrease in the actuarial valuation of the amount required to settle the Public Employees Contributory Retirement Scheme (PECRS) pre 87 debt (£26.7 million decrease) and Jersey Teachers Superannuation Fund (JTSF) pre-2007 debt (£3.6 million increase). This was in part due to the payment of £20.7 million from Jersey Airport and Harbours to settle their share of the PECRS pre-87 debt prior to incorporation.

The States spent £45.6 million on Capital projects in the year, including creating additional primary school capacity and progressing the new Police Headquarters. The States Balance Sheet remains strong.

- The States group overall holds Property, Plant and Equipment valued at £3.4 billion, including £0.7 billion of Social Housing assets now held by Andium.
- The value of Strategic Investments in utility companies increased by £45.2 million, and are now valued at £362.9 million inclusive of the Jersey Water Preference Share.

At a Glance – Financial Results

TABLE 1 – SUMMARY OF FINANCIAL RESULTS

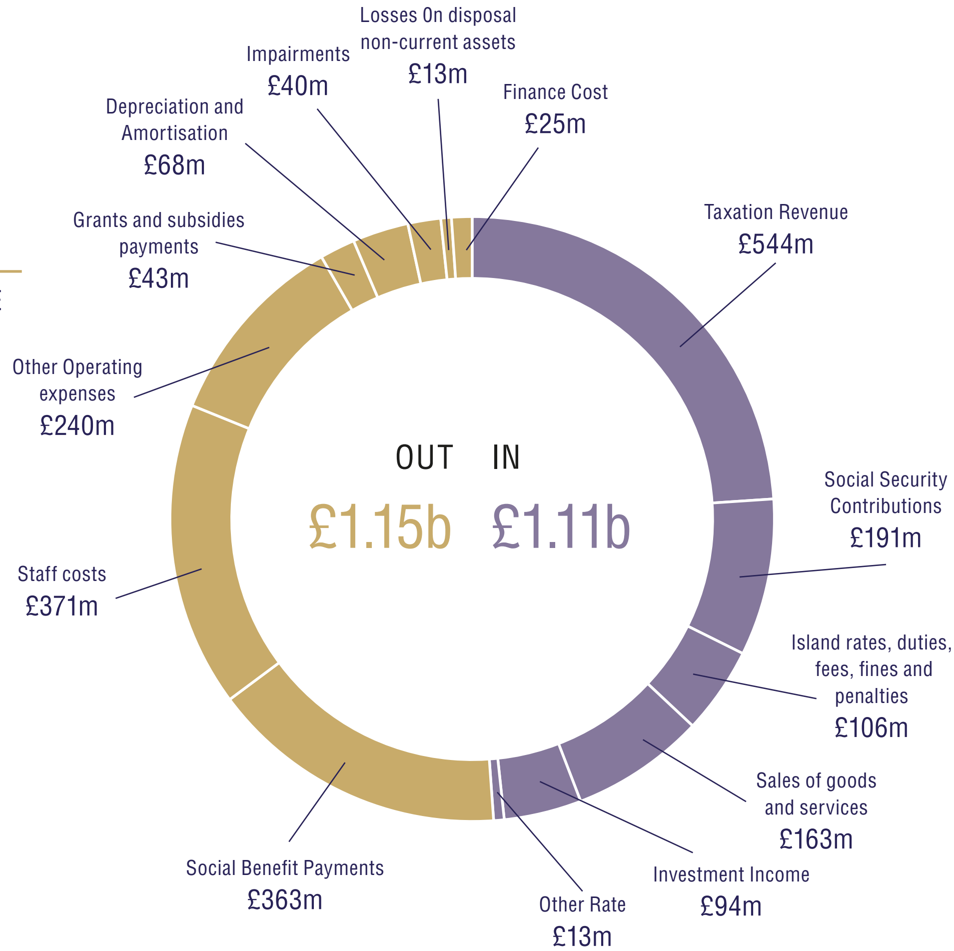
Restated 2014 Actual £'000		Table	2015 Actual £'000	Difference from Prior Year £'000
(657,033)	States Net General Revenue Income	2	(691,744)	(34,711)
674,163	Departmental Net Revenue Expenditure – Near Cash	3,4	697,031	22,868
17,130	**Operating Deficit**		**5,287**	**(11,843)**
59,232	Departmental Depreciation	5	44,676	(14,556)
76,362	**Deficit of General Revenue Expenditure over Income**		**49,963**	**(26,399)**
19,357	Departmental Net Revenue Expenditure – Other Non Cash	5	38,755	19,398
(2,947)	Trading Operations Net Revenue Expenditure	6	18,824	21,771
(157,595)	Net Revenue Income of Special Funds	7	(62,658)	94,937
6,692	Net Revenue Expenditure of Consolidated Entities	7	21,050	14,358
40,339	Other Expenditure/(Income)	11	(24,785)	(65,124)
735	Consolidation Adjustments	11	708	(27)
(17,057)	**Net Revenue (Income)/Expenditure as Reported in the SoCNE***		**41,857**	**58,914**

* A reconciliation to the Statement of Comprehensive Net Expenditure on page 113 is provided in Table 12 on page 30.

2014 actuals have been restated to reflect the change in revenue recognition for Current Year Basis personal income tax, a prior period adjustment in Social Security accruals and the impact of a restatement of assets now held by Ports of Jersey. For further information see Section 6.1 .

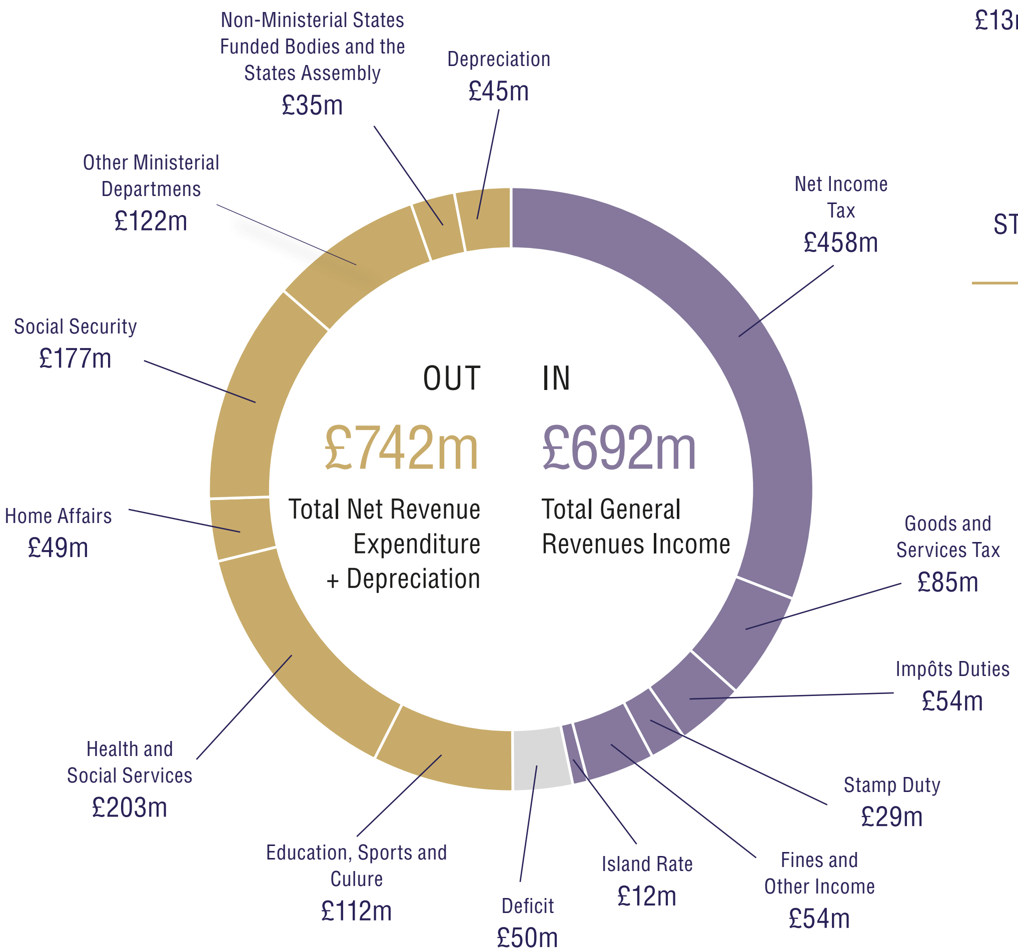
STATES OF JERSEY GROUP

2015 CONSOLIDATED INCOME AND EXPENDITURE



STATES ASSEMBLY APPROVED INCOME AND EXPENDITURE

2015 ACTUAL



2.3 General Revenue Income

All references to '2015 forecast' are based on the most recent published forecast for 2015 which was included in the Budget 2016.

5.3% higher than last year
2.7% better than the 2015 forecast

All charts in this section apply rounding.

The largest element of income received by the States is 'General Revenue Income', which is made up of income to the Consolidated Fund covered by the Annual Budget Statement and includes taxes, duties and investment income.

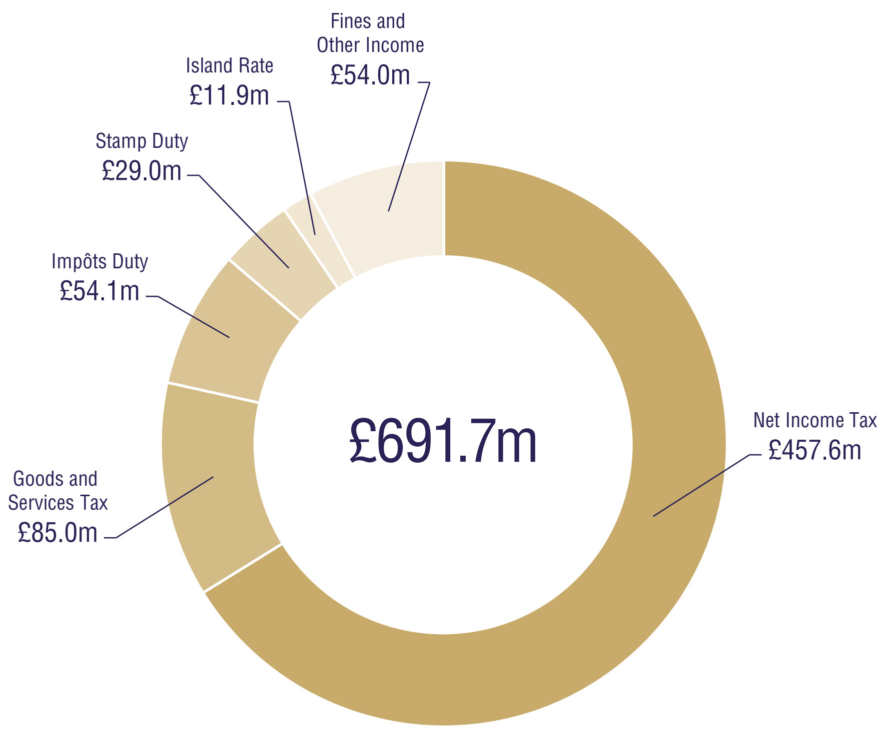
In the Budget Statement, General Revenue Income is voted net of directly related expenditure, such as Irrecoverable Debts or Investment Management fees, to represent the amount that is available to spend on providing services. Net General Revenue Income for 2015 was £691.7 million, compared to £657.0 million for 2014 largely as a result of an increase in Income Tax of £12.9 million and £13.8 million from the first full year of Andium Homes returns. Income from GST and Stamp Duty was also higher than 2014 by £4.8 million and £3.0 million respectively.

Directly related expenditure totalled £3.3 million in 2015 (2014: £3.7 million), giving gross General Revenue Income of £695.1 million. The remainder of income received by the States includes charges raised by departments included in their cash limits and income relating to Trading Operations and Special Funds.

WHERE CAN I READ MORE?

Details of directly attributable expenditure for each type of General Revenue Income are included in The General Revenue Pages in the Unaudited Annex to the Accounts.

FIGURE 1 – BREAKDOWN OF NET GENERAL REVENUE INCOME RECEIVED



Net Income Tax

2.9% higher than last year
3.3% better than the 2015 forecast

Income Tax comprises two main elements, Personal Income Tax and Company Income Tax.

Personal Income Tax

Personal Income Tax is a standard 20% rate of tax with a limited number of allowances/reliefs. To protect the lower to middle income earners, a separate calculation is also performed using exemption thresholds and a greater number and value of reliefs, but with a higher tax rate (26% from 2014 year of assessment). The lowest of the two tax calculations is then used to determine the tax charge. Therefore individuals will be charged no more than 20% tax on their income. This is explained in a video available on the States' website: http://www.gov.je/TaxesMoney/IncomeTax/Individuals/ AllowancesReliefs/Pages/MarginalCalculation.aspx

Previously, personal income tax received, both from current year and prior year basis tax payers, was recognised one year in arrears. 2015 saw a change in accounting policy to recognise current year basis income tax in the current year (i.e. 2015) based on estimated assessments. Prior years have been restated to reflect the new policy.

Company Income Tax

Companies pay tax under the 0/10 Regime. Three tax rates are possible:

- 0% – all non-financial service entities (except those at 20% below).
- 10% – Financial Services Companies (a company registered, or holding a permit, by virtue of various Laws administered by the Jersey Financial Services Commission).
- 20% – Utility Companies, Rental and Property Development activities.

Restated for the new policy, net Income Tax for 2015 was £457.6 million which is £12.9 million, 2.9%, more than 2014. Within this, Business Tax increased by £4.3 million and Personal Tax £8.6 million, of which, £6.7 million was due from the 2015 estimated assessments for current year basis tax payers reflecting the year on year increase in the number of CYB tax payers.

Net income tax restated was £14.6 million or 3.3% more than the 2016 Budget Forecast formulated in September 2015 and prepared under the old recognition basis. As such Personal Tax accounts for the majority of the favourable variance at £12.8 million, of which £6.7 million is due to the effects of recognising CYB one year earlier than forecast. Business Tax accounts for the remaining £1.8 million of the variance.

Goods and Services Tax

6.0% higher than last year
1.5% better than the 2015 forecast

Goods and Services Tax is a consumption tax of 5% on imports and supplies made in Jersey. The underlying principles are that the tax is low, broad , simple and fair. As a result there are a limited number of reliefs. Businesses within the financial services industry who generally have the majority of their activity outside Jersey may apply to be approved as an International Services Entity (ISE) for GST purposes. They pay a flat rate annual fee instead of accounting for GST.

Income from GST was £4.8 million or 6.0% higher than 2014 due to a combination of the reduction in the provision for bad and doubtful debts and net increases in activity across sectors. In particular import GST saw a £0.9 million increase year on year due to a low number of one-off high value items being imported into the Island.

GST overachieved against the forecast in Budget 2016 by £1.3 million. Just over £1.0 million of the budget variance was due to the reduction in the provision for bad and doubtful debts which was not budgeted for and a further £0.9 million from some one-off high value items being imported. The remaining variance is mostly in line with the increase in RPI.

Impôts Duty

0.1% higher than last year
3.2% less than the 2015 forecast

Impôts duties are duties charged on certain goods as they are imported into the Island. The duties apply to a range of commodities including alcohol, tobacco and fuel. The rules were changed during 2014 so that all tobacco products were to be entered into a bonded warehouse when imported into the Island and duty accounted for on withdrawal from the bond. There was a marginal increase in duties received in 2015 compared to 2014 comprising an increase in Motor Fuel Duty of just over £0.7 million offset by reduction across all other areas of just under £0.7 million.

The £1.8 million underachievement against the Budget 2016 forecast is primarily due to the implementation of bonded facilities for all tobacco products leading to a delay in the recognition of tobacco duty until it enters the market. The Budget forecast was based on the previous recognition of all duties at the point of import. Alcohol and Vehicle Emissions Duties were also under budget but offset by an overachievement of Motor Fuels duty.

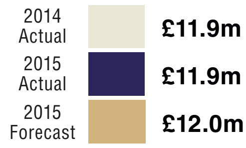
Stamp Duty

11.8% higher than last year
7.7% better than the 2015 forecast

Stamp duty is charged on property, equity and share transfer transactions according to the value of the transactions. Jersey operates a discount scheme for first time property buyers. Duty is also collected on Wills, Probate and Obligations.

Stamp Duty collected in 2015 was £3.0 million or 11.8% higher than in 2014 and £2.1 million or 7.7% higher than the Budget 2016 forecast. The favourable variance in Stamp Duty income in 2015 reflects the continued upturn in the housing market. In addition to a buoyant year across all property values, stamp duty from higher value property purchases has contributed significantly to the favourable variance. In particular, two significant transactions each contributed over £1.0 million in Stamp Duty.

Island Rate



0.3% higher than last year
0.9% less than the 2015 forecast

The 12 Parishes in Jersey levy rates to pay for parish services. In addition, the Parishes collect an Island Wide Rate levied by the States. The Island Wide Rate was introduced in 2006 to provide a contribution to parish welfare costs which were incorporated into the Island's Income Support system.

Island Wide Rate income was marginally higher than 2014 and £0.1 million or 0.9% lower than the Budget 2016 forecast.

Fines and Other Income

34.7% higher than last year
4.7% better than the 2015 forecast

Fines and Other Income includes returns on States strategic investments in utility companies and Andium Homes, returns on cash balances and various fees and charges.

Fines and Other Income was £13.9 million or 34.7% higher than 2014. This is mainly due to a £13.9 million increase in the income from Andium Homes representing a full year of income compared to 6 months in 2014 following incorporation.

Other Income was £2.4 million or 4.7% higher than the Budget 2016 forecast due to additional dividends received which were planned but not assumed in the Budget 2016 partly offset by an under-achievement of investment income.

TABLE 2 – NET GENERAL REVENUE INCOME – OUTCOME COMPARED TO PRIOR YEAR AND TO BUDGET SUMMARY TABLE A

Restated 2014 Actual £'000		2015 Actual £'000	Difference from Prior Year £'000	Budget 2016 Forecast £'000	Difference from Budget forecast £'000	%
444,732	Net Income Tax	457,583	12,851	443,000	14,583	3.3%
80,226	Goods and Services Tax	85,042	4,816	83,757	1,285	1.5%
54,102	Impôts Duty	54,147	45	55,942	(1,795)	(3.2%)
25,977	Stamp Duty	29,032	3,055	26,946	2,086	7.7%
11,896	Island Rate	11,928	32	12,031	(103)	(0.9%)
40,100	Fines and Other Income	54,012	13,912	51,612	2,400	4.7%
657,033	**Net General Revenue Income**	**691,744**	**34,711**	**673,288**	**18,456**	**2.7%**

Changes in General Revenue Income

Figure 2 shows how Net General Revenue Income has changed since 2002. Budgets for 2002–2005 have been adjusted for accounting restatements made in the 2006 Accounts and 2014 and 2015 have been restated to reflect the change in accounting policy for current year basis tax payers to improve comparability.

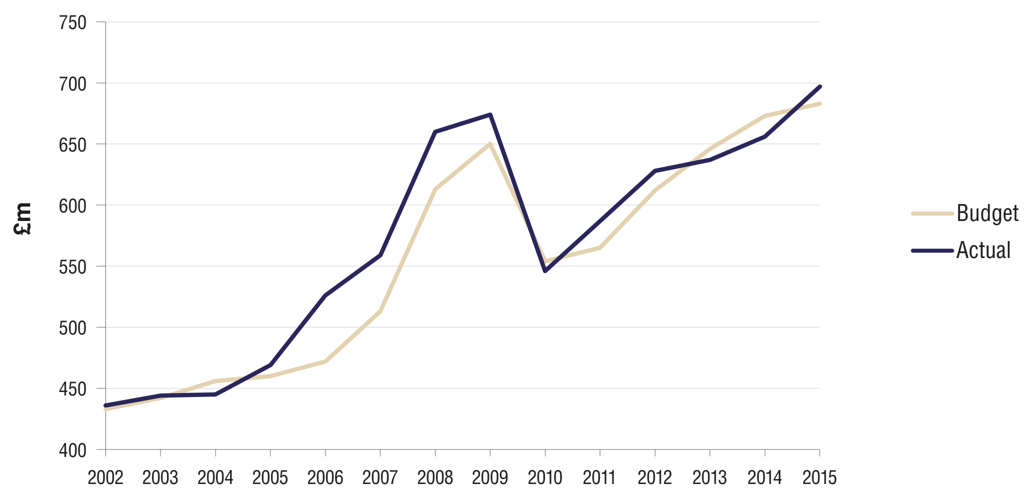
The graph shows a large drop in General Revenue Income between 2009 and 2010, which was anticipated in the budget as a result of the introduction of 0/10. Actual income in 2015 was higher than 2014 by £34.7 million.

The main changes from 2014 were an increase in Income Tax of £12.9 million, primarily as a result of an increase in current year basis income tax of £6.7 million reflecting an increase in the number of current year basis tax payers, Other Income of £13.9 million due to the inclusion of the £27.4 million (2014 £13.6 million) return from Andium Homes Limited, increases in GST of £4.8 million due to net increases in activity across sectors and Stamp Duty Income of £3.0 million due to an upturn in the property market and continued increase in high value property transactions.

WHERE CAN I READ MORE?

Further details on the individual streams of General Revenue Income are included in the Unaudited Annex to the Accounts. Individual Departments and Trading Operations also include an analysis of their income as part of the departmental pages in the Unaudited Annex to the accounts.

FIGURE 2 – NET GENERAL REVENUE INCOME



2.4 Departments' Revenue Expenditure

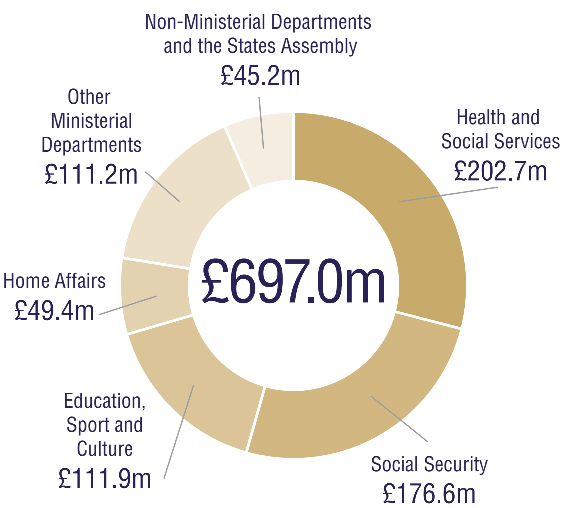
The key element of the States Expenditure is the Near Cash Net Revenue Expenditure of Ministerial and Non Ministerial Departments through the Consolidated Fund. As departments raise charges for some of the services that they provide, and may also receive other income, the MTFP approves Net Revenue Expenditure (NRE) limits for departments, which take into account this income, and so represents the amount funded from taxes.

In 2015 Near Cash Net Revenue Expenditure for departments was £697.0 million (2014: £674.2 million). This included departmental income of £98.8 million (2014: £132.9 million), giving gross expenditure of £795.8 million (2014: £807.1 million).

The decrease in departmental income in 2015 of £34.1 million arises from the following:

- The inclusion of net income from the Housing Department in 2014 of £21.5 million. The Housing Department is no longer included following the incorporation of Andium Homes.
- The receipt of non-recurring grants from the Criminal Offences Confiscation Fund during 2014 totalling £14.8 million in the Home Affairs Department for the Police Relocation capital project.
- This is offset by an increase in revenue of £2.2 million across departments in 2015.

FIGURE 3 – MINISTERIAL AND NON-MINISTERIAL DEPARTMENTS – NET REVENUE EXPENDITURE (NEAR CASH)



As well as Near Cash there were also Non-Cash amounts of £83.4 million for depreciation, impairments and losses on disposal of assets which represent the use of resources such as fixed assets, even though no cash is spent.

Departments' Near Cash Net Revenue Expenditure

MTFP 2015 Approval £687.1 million	**Actual 2015 £697.0 million**	
Budget Carried Forward from 2014 £13.0 million	Underspend £24.9 million	**Actual 2014 £674.2 million**
Other Allocations and Transfers £21.9 million	3.5% Less than Final Approved Budget	3.4% More than Last Year

Near Cash Expenditure represents amounts that transacted in cash during the year, or will be shortly after (e.g. departmental income charged that will be collected after the year end). It excludes amounts relating to the use of Fixed Assets, such as depreciation and impairments, which are covered in section 2.3.5. Accounting Officers are accountable for Near-Cash expenditure.

During the year, Budgets can be varied for limited reasons, as detailed in section 5.3.1. Table 3 reconciles departmental approvals in the Medium Term Financial Plan to the Final Approved Budget. More detail on these changes is given in Note 10 and the Unaudited Annex to the Accounts.

TABLE 3 – RECONCILIATION OF FINAL APPROVED BUDGET TO THE MEDIUM TERM FINANCIAL PLAN NEAR-CASH APPROVAL

	£'000
Medium Term Financial Plan Approval (Near-Cash)	**687,148**
2014 Departmental Approvals Carried Forward to 2015	13,009
Allocation of Contingency	24,910
Allocations of Additional Funding*	(5,455)
Transfers Between Capital and Revenue	2,360
Final Approved Budget	**721,972**

* Additional Funding represents any other budget approvals made during the year that do not fall into the other categories. In 2015, the largest contribution to this movement was the £5.0 million of savings removed across all departments. This was in addition to the 2% savings already removed from the opening budgets in departments as part of the Medium Term Financial Plan Update.

TABLE 4 – NET REVENUE EXPENDITURE – OUTCOME COMPARED TO PRIOR YEAR AND MEDIUM TERM FINANCIAL PLAN SUMMARY TABLE B

2014 Actual £'000		2015 Actual £'000	Difference from Prior Year £'000	Final Approved Budget £'000	Difference from Final Approved Budget £'000
	Ministerial Departments				
31,163	Chief Minister	31,311	148	33,097	1,786
9,798	– Grant to the Overseas Aid Commission	10,425	627	10,431	6
23,933	Economic Development	18,261	(5,672)	18,642	381
113,526	Education, Sport and Culture	111,891	(1,635)	113,603	1,712
6,054	Department of the Environment	5,920	(134)	6,273	353
196,670	Health and Social Services	202,733	6,063	203,351	618
34,443	Home Affairs	49,398	14,955	49,909	511
(12,571)	Housing	–	12,571	–	–
179,378	Social Security	176,606	(2,772)	189,595	12,989
26,537	Transport and Technical Services	25,489	(1,048)	28,650	3,161
33,536	Treasury and Resources	30,226	(3,310)	31,583	1,357
	Non Ministerial States Funded Bodies and the States Assembly				
1,791	Bailiff's Chambers	2,115	324	2,165	50
8,444	Law Officers' Department	8,719	275	9,274	555
6,518	Judicial Greffe	6,573	55	6,970	397
493	Viscount's Department	940	447	1,109	169
324	Official Analyst	570	246	626	56
805	Office of the Lieutenant Governor	761	(44)	903	142
28	Office of the Dean of Jersey	26	(2)	26	–
201	Data Protection Commission	243	42	284	41
1,904	Probation Department	1,943	39	1,999	56
747	Comptroller and Auditor General	757	10	1,002	245
10,441	States Assembly and its services	12,124	1,683	12,480	356
674,163	**Net Revenue Expenditure – Near Cash**	**697,031**	**22,868**	**721,972**	**24,941**

WHERE CAN I READ MORE?

Each department gives an explanation of differences between actual amounts and approvals as part of their departmental pages in the Unaudited Annex to the Accounts. They also give further information on variances from 2014.

Changes in Departments' Near Cash Net Revenue Expenditure

Figure 4 shows how Near Cash Net Revenue Expenditure has changed since 2009. Budget figures have been adjusted for previously reported accounting restatements to allow comparability.

Net Revenue Expenditure on a Near Cash basis increased by £22.9 million (3.4%) from 2014.

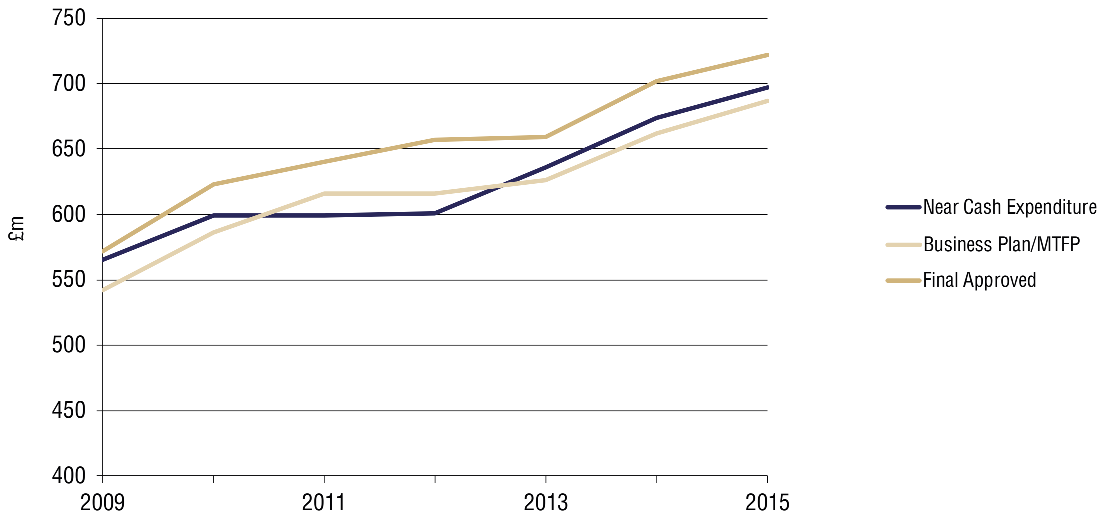
The major contributors to the increase in Net Revenue Expenditure from 2014 were one-off movements:

- Following the incorporation of the Housing Department as Andium Homes Limited on 1 July 2014, the net income contribution previously received is no longer included in the 2015 position. This accounts for £12.6 million of the movement. This is offset by a corresponding increase in the return from Andium Homes Limited in General Revenue Income.
- In 2014 net revenue expenditure included non-recurring net income of £14.8 million from the Criminal Offences Confiscation Fund in Home Affairs which was transferred to the Police Headquarters Relocation project. This is offset by a corresponding decrease in the Net revenue Expenditure of special funds.
- In 2014 £5 million was transferred from Economic Development Department to set up the Jersey Innovation Fund. This is offset by a corresponding decrease in Net Revenue Income of special funds.

There was also some significant non-recurring expenditure in 2015 including £9.8 million (2014 £7.0 million) on the Independent Jersey Care Inquiry and £4.8 million for voluntary redundancy payments.

When both years are adjusted for these and a few other non-recurring items there is a decrease in Net Revenue Expenditure of £1.3 million.

FIGURE 4 – NEAR CASH NET REVENUE EXPENDITURE



Allocations for Contingency

Centrally managed contingencies were first established as part of the 2011 Business Plan. The principle is to provide flexibility within spending limits to be able to manage urgent and unforeseen items without returning to the States for further expenditure allocations. All requests for contingency allocations must be submitted to the Council of Ministers for approval.

A number of measures were identified in the 2015 and 2016 Budgets and MTFP 2016–19 to ensure that a positive balance is maintained on the Consolidated Fund in the short term prior to the proposed measures to balance budgets by 2019. Spending approvals totalling £22.5 million associated with those measures were transferred into Central Contingencies in 2015 to monitor progress and they were returned to the Consolidated Fund as part of the 2015 carry forward process. The unallocated balance at the end of 2015 therefore includes £22.5 million of funding which will not be carried forward into 2016.

MTFP 2015 Approval £33.5 million	Net Contingency Allocated in 2015 £10.9 million	Carry Forward to 2016 £10.1 million
Amounts Carried Forward from 2014 £10.0 million	Unallocated Amounts at the year end £32.6 million	

The net budget allocations of £10.9 million made during the year included but were not limited to:

Transfers in (excluding measures identified above):

- £14.0 million from the Strategic Reserve to fund the Independent Jersey Care Inquiry and the Redundancy Provision.

Transfers out:

- £10.0 million for the Independent Jersey Care Inquiry.
- £4.7 million to fund Voluntary Redundancies.
- £1.6 million contribution towards the Departmental costs of Freedom of Information.
- £1.5 million to offset the income shortfall in Transport and Technical Services relating to Guernsey Waste.
- £0.8 million relating to Project Omega (Historic abuse redress scheme).
- £0.8 million for the Sports Strategy.

At the end of 2015 £22.5 million was returned to the Consolidated Fund from Contingency, comprising:

- £12.0 million for 2% savings on department 2015 budgets.
- £1.0 million reduced FoI funding.
- £2.0 million reduced PECRS Pre-1987 debt repayments.
- £4.0 million unrequired AME contingency.
- £3.5 million reduction of pay award provision.

Departments' Non Cash Expenditure

Depreciation and amortisation combined were £14.6 million lower in 2015 than 2014. This was mainly due to the full year impact of the incorporation of Housing which happened mid-way through 2014 plus depreciation in Transport and Technical Services in 2014 including an adjustment following the reduction in useful asset lives in the Energy from Waste plant assets.

Impairments were £7.1 million higher in 2015 than 2014 as a direct result of the interim land and buildings and infrastructure valuation exercise in 2015.

The £12.3 million increase in losses on disposal of assets in 2015 primarily relates to the transfer of the old St Martin's School to the Parish of St Martin and the Jersey Archive to Jersey Heritage for no consideration and the sale of the former JCG site to SoJDC for a deferred consideration of £1.5 million.

The Update to the MTFP Department Annex for 2015 approved a total of £44.4 million for depreciation as part of individual departments' approved expenditure limits. Depreciation for 2015 was £1.8 million less than budgeted in the MTFP at £42.6 million but this was offset by a £1.8 million overspend against amortisation.

Impairments and gains or losses on disposal of assets are not budgeted as they do not relate to planned activity. An estimate of proceeds from the sale of property assets is included as part of the Capital Programme, but this is not comparable to gain or loss on disposal.

TABLE 5 – NON-CASH AMOUNTS

2014 Actual £'000		2015 Actual £'000	Difference from Prior Year £'000	Final Approved Budget £'000	Difference from Final Approved Budget £'000
59,232	Depreciation and Amortisation	44,676	(14,556)	44,686	10
18,910	Impairments	26,030	7,120	–	(26,030)
563	(Gain)/Loss on Disposal of Assets	12,874	12,311	–	(12,874)
(116)	Other Non-Cash adjustments	(149)	(33)	–	149
78,589	**Total Non-Cash Amounts**	**83,431**	**4,842**	**44,686**	**(38,745)**

2.5 States Trading Operations – Net Revenue Expenditure

Under the Public Finances (Jersey) Law 2005, the States can designate any distinct area of operation as a States Trading Operation. Estimates for Trading Operations are approved in the Medium Term Financial Plan. Four operations were designated as such at the start of 2015.

Jersey Airport provides a wide range of facilities and services for passengers over an extensive network of schedule and charter flight services across the UK and Europe and Jersey Harbours is responsible for the operation of Jersey's commercial port of St Helier and outlying ports. On 1 October 2015 Airport and Harbours were incorporated into a separate legal company called Ports of Jersey Limited. The results in Table 6 for Airport and Harbours therefore represent the nine months of 2015 they were designated as Trading Operations.

Immediately prior to incorporation Jersey Airport and Jersey Harbours settled the Public Employees Contributory Retirement Scheme (PECRS) pre-1987 debt relating to their operations at a cost of £20.7 million. The results in Table 6 include this payment which was not budgeted as budgets were set in advance of this agreement.

Jersey Car Parking is responsible for administration, management, financing, development and maintenance of public parking places and Jersey Fleet Management is responsible for the acquisition, maintenance, servicing, fuelling, garaging and disposal of vehicles and mobile plant on behalf of the States.

Due to their commercial nature, Net Revenue (Income)/Expenditure for the Trading Operations includes Non-Cash amounts relating to the use of assets such as depreciation and impairments.

TABLE 6 – TRADING OPERATIONS NET REVENUE EXPENDITURE – OUTCOME COMPARED TO PRIOR YEAR AND BUSINESS PLAN SUMMARY TABLE B

2014 Actual £'000		2015 Actual £'000	Difference from Prior Year £'000	Final Approved Budget £'000	Difference from Final Approved Budget £'000
(1,991)	Jersey Airport	14,666	16,657	(640)	(15,306)
(293)	Jersey Harbours	5,274	5,567	212	(5,062)
(525)	Jersey Car Parking	(702)	(177)	(429)	273
(138)	Jersey Fleet Management	(414)	(276)	(278)	136
(2,947)	**Net Revenue (Income)/Expenditure – Trading Operations**	**18,824**	**21,771**	**(1,135)**	**(19,959)**

WHERE CAN I READ MORE?

Each Trading Operation gives an explanation of differences between actual amounts and approvals as part of their departmental pages in the Unaudited Annex to the Accounts.

2.6 Other Income and Expenditure and Accounting Adjustments

Special Funds, Social Security Funds and Subsidiaries

Special Funds

In addition to the Consolidated Fund, the Public Finances (Jersey) Law 2005 names four Special Funds – the Strategic Reserve, the Stabilisation Fund, the Currency Fund and the Insurance Fund. These relate to the operation of the States of Jersey in general. The Public Finances (Jersey) Law 2005 also allows the States to establish special funds for specific purposes. These are usually established by legislation or a States' decision. A summary of the purpose of the various funds is given in Table 8 and Table 9.

During 2015 Special Funds saw Net Revenue Income (NRI) of £15.8 million, comprising income of £44.7 million and expenditure of £28.9 million. The majority of this figure was income in the Strategic Reserve. The Net Asset Value (NAV) of the Fund decreased from £786.5 million to £771.4 million over 2015, a decrease of £15.1 million (1.9%). The movement reflects net earnings of £21.6 million but drawings of £36.7 million transferred to the Consolidated Fund with £22.7 million for the planning and creation of new hospital services in the Island as agreed in the 2015 Budget Statement (P.129/2014), £10.0 million to provide funding for the Independent Jersey Care Inquiry and £4.0 million to fund the Voluntary Redundancy scheme.

Income/expenditure approvals for Special Funds are not currently included in the Medium Term Financial Plan, and so results for these entities cannot be compared to budget.

Social Security Funds

The Social Security Fund, Social Security (Reserve) Fund, Health Insurance Fund and Long Term Care Fund are four specific Special Funds established under Social Security legislation. These funds were consolidated into the States Accounts for the first time in 2013. The Jersey Dental Scheme is also consolidated in this category.

During 2015 the Funds saw Net Revenue Income (NRI) of £46.2million, comprising income of £339.9 million and expenditure of £293.7 million. This income includes contributions received and returns on investments held in the Social Security (Reserve) Fund of £35.2 million (2.8% on its opening investment value). This Fund sets aside funds for the future provision of pension benefits for those currently in employment so as to smooth the impact on future workers.

The Social Security Fund also saw net income, as contributions and investment income exceeded the benefit payments made with the Health Insurance Fund and Long Term Care Fund seeing net revenue expenditure due to decreases in investment income and increases in benefit payments in excess of increased contributions. Income/expenditure approvals for the Social Security Funds are not included in the Medium Term Financial Plan and so results for these entities cannot be compared to budget.

States of Jersey Development Company

The States of Jersey Development Company (SOJDC) is a wholly owned subsidiary company of the States. It was originally incorporated in 1996 as the Waterfront Enterprise Development Board (WEB) and vested with responsibility for the co-ordination and promotion of development in the St Helier Waterfront Area on behalf of the States of Jersey. In 2010, the States approved proposition P.73/2010, which set out proposals for the restructure of WEB into the SOJDC, clarifying the role of the company and widening the companies remit to cover all designated “Regeneration Zones”.

The SOJDC is outside of the Budgeting Boundary, but for 2015 the SOJDC showed a small Net Revenue Expenditure of £0.8 million.

Andium Homes Limited

The incorporation of the Housing Department into a separate legal entity (a company limited by guarantee) was approved by the States under P.63/2013. The transfer into the new company was effective from the 1 July 2014.

For 2015, Andium Homes Limited showed a Net Revenue Expenditure of £15.3 million for the year (£6.4 million for the 6 month period to 31 December 2014).

Ports of Jersey

The principles behind the incorporation of Harbours and Airports into a separate legal entity were agreed by the States Assembly in P.70/2012 'Incorporation of Ports of Jersey'. The incorporation was finalised through the Regulations approved by the States Assembly in P.80/2015 'Draft Air and Sea Ports Incorporation (Transfer) (Jersey) Regulations 2015. The transfer into the new company was effective from the 1 October 2015.

For 2015, Ports of Jersey Limited showed a Net Revenue Expenditure of £6.0 million for the 3 month period to 31 December 2015.

TABLE 7 – NET REVENUE INCOME OF SPECIAL FUNDS AND SUBSIDIARIES

Restated 2014 Actual £'000		2015 Actual £'000	Difference from Prior Year £'000
(48,469)	Special Funds Net Revenue Income	(16,709)	31,760
(109,126)	Social Security Funds Net Revenue Income	(45,949)	63,177
307	States of Jersey Development Company Ltd Net Revenue Expenditure	754	447
6,385	Andium Homes Ltd Net Revenue Expenditure *	15,348	8,963
–	Ports of Jersey Ltd Net Revenue Expenditure **	4,948	4,948
(150,903)	**Total Net Revenue Income of Special Funds and Subsidiaries**	**(41,608)**	**109,295**

Notes

* part year 2014

** part year 2015

TABLE 8 – PURPOSE OF SPECIAL FUNDS NAMED IN THE LAW

Special Fund	2015 £'000	2014 £'000	Function
Strategic Reserve Fund	771,382	786,522	Established under the Public Finances (Jersey) Law 2005, this is a permanent Reserve. The policy for the Reserve was agreed by the States under P.133/2006, stating that it is to be used only in exceptional circumstances to insulate the Island's economy from severe structural decline (such as the sudden collapse of a major Island industry) or from major natural disaster. The States have subsequently approved the following amendments to this Policy: • P.84/2009 which enables the Strategic Reserve to be used, if necessary, for the purposes of providing funding up to £100 million for a Bank Depositors Compensation Scheme; • P.122/2013 to fund the new hospital scheme over a period of years with £10.2 million allocated for this purpose in 2014; • As part of P.129/2014 the States agreed that the real value of the Reserve at its 31 December, 2012 value, uprated by Jersey RPI(Y), be maintained; • In P.76/2015, following the approval of the 2016–2019 MTFP, the States agreed that income over and above that required to maintain the capital value of the Reserve as at 31 December, 2012 levels be used to provide funding for the Independent Jersey Care Inquiry and for Redundancy Provision together with a number of further purposes for the period 2015–2019 as detailed in P76/2015.
Stabilisation Fund	6	6	Established under the Public Finances (Jersey) Law 2005, the purpose of this Fund is to provide a reserve which can be used to make Jersey's fiscal policy more countercyclical in order to create a more stable economic environment. The Fund receives cash allocations in more buoyant economic conditions and makes payments at times of anticipated economic downturn.

Special Fund	2015 £'000	2014 £'000	Function
Currency Fund	1,764	1,763	Established under the Public Finances (Jersey) Law 2005, the Currency Notes (Jersey) Law 1959, and the Decimal Currency (Jersey) Law 1971, the fund holds assets that match the value of Jersey currency notes and coinage in circulation, such that the holder of Jersey currency could be repaid on request. It also produces and issues currency notes and coins, and administers the currency in issue.
Insurance Fund	5,865	5,676	Established under the Public Finances (Jersey) Law 2005 (as amended under P.73/2013), the fund facilitates the provision of mutual insurance arrangements for States funded bodies and other participating bodies.

TABLE 9 – PURPOSE OF SPECIAL FUNDS FOR SPECIFIC PURPOSES

Special Fund	2015 £'000	2014 £'000	Function
Dwelling Houses Loans Fund	4,527	4,275	Established under the Building Loans (Jersey) Law 1950, to establish a building loans scheme to enable residentially qualified first-time buyers,who have never owned residential freehold property in Jersey, to purchase their first home. No new loans were made in 2015.
Assisted House Purchase Scheme	2,191	2,173	Established in 1977, the purpose of this fund was to aid the recruitment of staff from the UK, by facilitating the purchase of suitable properties by the States on behalf of the employee. It is no longer making new loans.
99 Year Leaseholders Fund	830	830	Established by the former Housing Committee under the general powers of the Building Loans (Jersey) Law 1950, this fund allowed the Committee to lend to individuals offering leasehold property as security (at a time when there was no share transfer or flying freehold legislation). It is no longer making new loans.
Agricultural Loans Fund	520	489	Established under the Agriculture (Loans and Guarantees) (Jersey) Regulations 1974, the fund made loans to individuals engaged in work of an agricultural nature in Jersey for the purpose of furthering their agricultural business. Approval of new loans to farmers has been suspended.
Tourism Development Fund	655	829	Established under P.170/2001 to replace the Tourism Investment Fund, this fund makes grants to the tourism industry in order to improve Jersey's competitiveness and sustain the industry as an important pillar of the economy.
Channel Islands Lottery (Jersey) Fund	100	180	Established by the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, the fund promotes and conducts public lotteries, the draws for which may be held in Jersey or Guernsey.
Jersey Innovation Fund	4,995	4,989	Established under P.124/2012, the fund was set up to make investments in private and public sector projects to drive greater innovation in Jersey and improve competitive advantage.
Housing Development Fund	(1,469)	9,061	Established under P.74/99 and P.84/99, the fund assists in meeting the requirements for the development of social rented and first-time buyer homes by providing development and interest subsidies.
Criminal Offences Confiscation Fund	3,019	3,027	These funds are established under the Proceeds of Crime (Jersey) Law 1999 and Civil Asset Recovery (International Co-operation) (Jersey) Law 2007 respectively. These funds hold amounts confiscated under law. Funds are then distributed in accordance with the relevant legislation.
Civil Asset Recovery Fund	209	201	
Ecology Fund	386	382	Established in 1991, the purpose of this fund was to support local environmental projects.

TABLE 10 – PURPOSE OF SOCIAL SECURITY FUNDS

Special Fund	2015 £'000	2014 £'000	Function
Social Security Fund	88,472	88,637	Established under the Social Security (Jersey) Law 1974, the fund receives all contributions payable under the Law, and pays out benefits such as the old age pension and incapacity benefit and expenditure related to the administration of these benefits.
Social Security (Reserve) Fund	1,288,338	1,253,169	Established under the Social Security (Jersey) Law 1974, the fund sets aside funds for the future provision of pension benefits for those in employment so as to reduce the impact of pensions in future generations, as well as to smooth contributions for Social Security benefits over time.
Health Insurance Fund	75,680	85,115	Established under the Health Insurance (Jersey) Law 1967, the fund receives allocations from Social Security Contributions for the purpose of paying claims for medical benefits and pharmaceutical benefit as defined in the law.
Long-Term Care Fund	11,185	11,783	Established under the Long Term Care (Jersey) Law 2013, the fund receives allocations under the Social Security Law, for the purpose of paying out benefits and expenditure relating to longterm care.
Jersey Dental Scheme	5	10	The Jersey Dental Benefit Scheme was established under the Jersey Dental Care Subsidy Scheme Act of June 1991 with the objective of providing a professional service of regular dental care to maintain the dental fitness of the members of the Scheme and to maintain a system of peer review of dental services provided to members under the scheme.

WHERE CAN I READ MORE?

Where separate Accounts are not published, each Fund gives an explanation of income and expenditure and balance movements in the pages in the Unaudited Annex to the Accounts. They also give further information on variances from 2014.

Other (Income) / Expenditure and Accounting Adjustments

There are some items of expenditure consolidated into these financial statements that are outside of the scope of the budgeting boundary but do not form part of a Special Fund. One example is the movement in the actuarial valuations of pension liabilities, which are non-cash accounting adjustments.

In 2015 the value of Pension Liabilities decreased by £23.3 million due to a decrease of £26.7 million in the PECRS past service liability and an increase of £3.6 million in the JTSF past service liability. The movement in the PECRS past service liability was mainly due to Jersey Airport and Jersey Harbours making a payment of £20.7 million for their share of the pre-87 debt prior to incorporation. There were also £10.6 million of actuarial gains offset by finance charges of £13.7 million. More details on these amounts are given in Note 9.30 – Past Service Liabilities and Note 9.31 – Defined Benefit Pension Schemes Recognised on the Statement of Financial Position.

Accounting Standards also require that all transactions and balances between entities within the States of Jersey are eliminated in the consolidated accounts. More details of consolidation adjustments are given in Note 9.4 – Segmental Analysis. Table 11 below shows only the impact on the SoCNE. This is not zero as there is also an impact on the SoFP which is not seen in this table.

TABLE 11 – OTHER INCOME/EXPENDITURE AND ACCOUNTING ADJUSTMENTS

2014 Actual £'000		2015 Actual £'000
38,504	Pension liabilities	(23,291)
1,835	Other (Income)/Expenditure	(1,491)
735	Consolidation Adjustments	708
41,074	**Other Expenditure/(Income) and Accounting Adjustments**	**(24,074)**

Reconciliation of Reported Figures to Consolidated Income and Expenditure

The figures reported in the previous sections are based on the States of Jersey budgeting framework. The Financial Statements are prepared in line with the Jersey Financial Reporting Manual (JFReM), which includes for example definitions of Income and Expenditure. This means that income and expenditure amounts are reported for General Revenue Income and Departmental Expenditure, even though the States budgets are for the Net Amounts. Table 12 shows how these reported figures split into income and expenditure, tying into the reports reported in the Financial Statements.

TABLE 12 – RECONCILIATION OF REPORTED FIGURES TO CONSOLIDATED INCOME AND EXPENDITURE

	Table	Reported Figure £'000	Income £'000	Expenditure £'000
Net General Revenue Income	2	(691,744)	(695,002)	3,258
Departmental Net Revenue Expenditure (Near Cash)	4	697,031	(98,787)	795,818
Departmental Non-Cash Expenditure	5	83,431	(153)	83,584
Trading Operations Net Revenue Expenditure	6	18,824	(44,850)	63,674
Special Funds Net Revenue Income	7	(16,709)	(44,269)	27,560
Social Security Funds Net Revenue Income	7	(45,949)	(339,919)	293,970
SOJDC Net Revenue Expenditure	7	754	(2,390)	3,144
Andium Net Revenue Expenditure	7	15,348	(45,977)	61,325
Ports of Jersey Net Revenue Expenditure	7	4,948	(11,130)	16,078
Other Income	11	(24,785)	(9,954)	(14,831)
Gross Income/Expenditure		**41,149**	**(1,292,431)**	**1,333,580**
Consolidation Adjustments	11	708	181,935	(181,227)
Total Consolidated (Income)/Expenditure		**41,857**	**(1,110,496)**	**1,152,353**

2.7 Capital Expenditure

Consolidated Fund – the Capital Programme

The Budget 2015 included a capital expenditure allocation from the Consolidated Fund of £74.8 million. In addition, there were £97.3 million of unspent approvals from previous years.

During 2015 actual capital expenditure from the Consolidated Fund amounted to a total of £45.6 million. After transfers to revenue budgets and other budgets of £3.3 million and returns of unspent budgets to the Consolidated Fund of £1.6 million, there is a balance of allocated funding remaining unspent of £121.6 million at the end of 2015. The table below gives details of this expenditure against approvals. Further detail, including budget movements can be found in Section 10.

Negative numbers in 2015 expenditure are the result of accounting adjustments such as reclassification of expenditure from capital to revenue, accrual adjustments and refunds.

TABLE 13 – CONSOLIDATED FUND CAPITAL PROGRAMME

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
Chief Minister's Department				
Upgrade Microsoft Desktop Tech	406	1,411	1,415	4
Web Development	(143)	826	837	11
Enterprise Systems Development	14	36	1,283	1,247
E Government	(858)	569	2,712	2,143
Application Compatibility to Windows 8	58	224	500	276
Computer Development Vote	(576)	736	858	122
HR Transform (Change Team Transformation)	–	–	77	77
T&R JDE System	4	399	772	373
Chief Minister's Department Total	**(1,095)**	**4,201**	**8,454**	**4,253**
Education, Sport and Culture				
Le Rocquier	89	22,676	22,700	24
ESC ICT Strategy Phase 3	117	513	539	26
Sports Strategy Infrastructure	1,828	2,849	2,850	1
Victoria College	26	74	400	326
ESC Minor Capital	144	504	1,078	574
School ICT	–	–	556	556
Education, Sport and Culture Total	**2,204**	**26,616**	**28,123**	**1,507**
Department of the Environment				
Central Environmental Management	–	934	1,038	104
Automatic Weather Station	–	213	265	52
Urban Renewal 2006	–	314	327	13
Fisheries Vessel Mid Year Refit	5	419	426	7
Equipment, Maintenance, Minor	29	554	629	75
Met Radar Refurbishment	256	335	350	15
Countryside Infrastructure	54	123	192	69
Department of the Environment Total	**344**	**2,892**	**3,227**	**335**

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
Health and Social Services				
Tube System Upgrade – Planning	–	97	97	–
Laundry Batch Washer – Planning	457	499	500	1
PSA Oxygenators	82	377	380	3
Equipment, Maintenance and Minor Capital	3,371	13,046	14,792	1,746
Replacement MRI Scanner	2	2	2,277	2,275
Replacement RIS/PACS IT Assets	62	62	1,167	1,105
Health and Social Services Total	**3,974**	**14,083**	**19,213**	**5,130**
Home Affairs				
Biometric Passports	374	851	1,183	332
Fire Service Building Repairs	(89)	–	–	–
Prison 2009 Minor Capital	–	33	51	18
Prison Control Room	86	1,747	1,839	92
Prison Security Measures	–	877	943	66
Prison Cell Call System	–	101	200	99
Tetra Radio Replacement	(2)	2,029	2,349	320
Minor Capital	461	2,870	4,950	2,080
Home Affairs Total	**830**	**8,508**	**11,515**	**3,007**
Transport and Technical Services				
South La Collette Reclamation	–	26,582	26,600	18
In-Vessel Composting	–	2,055	2,055	–
EFW Plant La Collette	(406)	118,018	119,189	1,171
Fire Fighting System	(3)	4,303	4,371	68
Eastern Cycle Network	30	282	582	300
Town Park	32	12,140	12,140	–
Sludge Thickener Project	1,697	13,546	14,344	798
Phillips Street Shaft	1,205	6,286	6,286	–
Liquid Waste Strategy	2,304	4,324	37,152	32,828
Waste: Ash Pit La Collette	209	2,851	3,699	848
Replacement Assets	203	892	2,268	1,376
Contingency Infrastructure Maintenance	–	137	145	8
Asbestos Waste Disposal	448	495	648	153
Fiscal Stimulus Parish Project	582	1,169	1,169	–
Clinical Waste Refurbishment	–	332	442	110
New Public Recycling Centre	2,517	2,879	6,638	3,759
Scrap Yard Infrastructure	17	132	1,025	893
EFW Replacement Assets	890	1,676	1,817	141
Road Safety Improvements	287	287	743	456
Infrastructure	7,855	45,014	48,691	3,677
Transport and Technical Services Total	**17,867**	**243,400**	**290,004**	**46,604**
Treasury and Resources				
On behalf of Education, Sport and Culture				
St Martin's School	1,926	6,978	7,732	754
Youth Service Works – Various	(1,021)	915	915	–
Grainville (Phase 4)	–	4,521	4,521	–
Additional Primary School Accommodation	4,736	6,131	10,322	4,191
Les Quennevais Replacement School	118	317	320	3
Crabbe Silver Jubilee Works	–	924	926	2
Victoria College Capital Project	9	1,172	1,237	65
Archive Storage Extension	12	12	60	48

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
FB Fields Running Track	29	795	810	15
Les Quennevais Artificial Pitch	(1)	648	650	2
On behalf of Health and Social Services				
A&E/Radiology Extension (Phase 2)	5	1,966	1,966	–
Oncology Extension and Refurbishment	(262)	2,606	3,332	726
Intensive Care Unit Upgrade	(95)	2,206	2,300	94
Main Theatre Upgrade	2,603	3,019	6,483	3,464
Clinique Pinel Upgrade	(69)	2,770	2,868	98
Limes Upgrade	(38)	–	1,159	1,159
Future Hospital	3,117	4,432	32,616	28,184
Replacement General Hospital – Feasibility	(1)	–	–	–
Mental Health Facility Overdale – Feasibility	–	–	350	350
Relocation Ambulance and Fire – Feasibility	–	5	100	95
Adult Care Homes	113	177	4,000	3,823
Children's Homes	3	1,000	2,075	1,075
Autism Support	486	824	976	152
Integrated Assessment and Intermediate Care	378	400	400	–
On behalf of Home Affairs				
Prison Improvement Phase 4	41	9,810	9,881	71
Police Relocation (Phase 1)	7,943	11,384	24,939	13,555
Other Projects				
Relocation of Sea Cadets	–	–	107	107
Public Markets Maintenance	762	2,719	3,476	757
Integrated Property System	29	256	305	49
Tax Transformation Prog and IT Systems	119	861	1,245	384
Office Rationalisation	39	1,643	1,719	76
Demolition Fort Regent Pool	10	10	750	740
ITAX Development – Taxes Office	104	1,312	1,332	20
Treasury and Resources Total	**21,095**	**69,813**	**129,872**	**60,059**
Non Ministerial States Funded				
Magistrates Court	–	9,171	9,171	–
Non Mins – Minor Capital	390	626	1,305	679
Non Ministerial States Funded Total	**390**	**9,797**	**10,476**	**679**
Total	**45,609**	**379,310**	**500,884**	**121,574**

Capital expenditure in 2015 included spend on the following capital projects:

Police Relocation: The progress on the Police Headquarters remains very good with the superstructure/frame now complete. To mark this milestone, a "topping-out" ceremony took place on 7 January 2016. The building contains some complicated and technical elements not seen in most buildings. The Design Team and Contractor have been successful in overcoming these and have performed well together. The new HQ is due for occupation in quarter 1 2017. The 64 new car park spaces created on the top floor of Green Street multi-storey car park were opened on 8 July 2015.

St James Centre: The new home of the Jersey Youth Service was officially opened on Wednesday 4 March 2015 by Her Royal Highness, The Princess Royal.

This final phase of the project included extension works to ground floor and balcony areas of the Church to form a new entrance foyer/exhibition area; auditorium; sound proofed rehearsal studios, a recording studio and a radio station; storage, a kitchenette and amenities; general mechanical and electrical installations as well as infrastructure wiring to facilitate IT, Communications and data, audio, lighting and performance equipment.

In the Vicarage, the main administration hub for Youth Services and consultation rooms were created; these contain kitchen facilities and amenities; general mechanical and electrical installations and infrastructure for IT, Communications and data.

The two detached buildings were joined by a stunning new two storey Glazed Link between the main reception giving access to the Vicarage and lift and access to the ground floor and upper floor balcony area in the Church.

St Martin's School: The doors of the new St Martin's Primary School were opened to pupils and staff in September 2015 for the start of the new term.

The School contains some very contemporary features. As a result of the use of LED lighting, reduced building permeability, the installation of a photovoltaic panel (solar) and the use of an air to air heat pump to provide heating, the calculated energy consumption is very low. Grey water harvesting means that the school also enjoys reduced water consumption. The School is decorated and furnished in a very modern way providing an environment that supports current teaching and learning strategies.

General Hospital Theatre Upgrade: The construction of two additional theatres in the Gloucester Street hospital parking area commenced in April 2015 and were completed in March 2016. The first procedures will be carried out in the new theatres after Easter 2016 which will allow the closure of existing theatres, in sequence, for refurbishment continuing from April 2016 until scheduled completion in February 2017.

Once completed the scheme will deliver an increase from four to six theatres within the main Hospital theatre complex.

Future Hospital: A Site Options Re-Appraisal was undertaken during 2015 at the request of the Council of Ministers to assess whether one of four 100% new build single sites out-performed the previously preferred part-refurbished dual site on a like-for-like basis.

It is anticipated that the preferred site will be lodged for the consideration of the States Assembly during 2016.

Depending on the preferred site option the resulting delivery of the feasibility study and subsequent construction programmes vary.

Trading Operations Capital Expenditure

During 2015 actual capital expenditure from Trading Funds amounted to a total of £11.1 million. The table below gives details of this expenditure against approvals. Further detail, including budget movements can be found in Section 10. Jersey Airport and Harbours were incorporated as Ports of Jersey Limited on 1 October 2015; the results shown in the table below only show Airport and Harbours projects where spend occurred during the first nine months of the year as Trading Operations with budgets being transferred to Ports of Jersey.

TABLE 14 – TRADING OPERATIONS CAPITAL EXPENDITURE

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000
Jersey Airport			
Engineering/ARFFS Building	5,296	6,793	6,793
Arrivals/Pier/Forecourt	(37)	538	538
CUTE	35	649	649
Regulatory Compliance 2010	645	1,691	1,691
Fuel Farm	27	963	963
Regulatory Compliance	122	422	422
Minor Capital Assets	506	1,685	1,685
Public Address/Fire Alarm	(58)	–	–
Airfield Stop Bars	44	324	324
CCTV Airport Wide	7	70	70
ATC Equipment	26	3,332	3,332
Fire Pump Replacement	101	105	105
Jersey Airport Total	**6,714**	**16,572**	**16,572**
Jersey Harbours			
St Helier Marina	1,336	2,835	2,835
Gorey Pierhead	332	1,532	1,532
MCA	253	1,736	1,736
Port Crane	96	919	919
Marine Ops Refurbishment	225	368	368
Sub Station Upgrades NNQ	16	454	454
St Helier Marina Gate Replacement	33	33	33
Elizabeth Pontoon Fingers	222	222	222
CCTV Upgrade	115	194	194
CCTV (Phase II)	14	17	17
Elizabeth Harbour Café	99	99	99
Jersey Harbours Total	**2,741**	**8,409**	**8,409**

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
Jersey Car Parking				
Anne Court Car Park	1	340	9,000	8,660
Automated Charging System	30	195	1,000	805
Car Park Maintenance & Refurbishment	80	2,588	3,800	1,212
Jersey Car Parking Total	**111**	**3,123**	**13,800**	**10,677**
Jersey Fleet Management				
Vehicle & Plant Replacement	1,515	9,467	11,675	2,208
Jersey Fleet Management Total	**1,515**	**9,467**	**11,675**	**2,208**
Total	**11,081**	**37,571**	**50,456**	**12,885**

2.8 The States Balance Sheet

Key Movements in Assets and Liabilities

During the year Ports of Jersey Limited (formerly Jersey Airports and Harbours) was incorporated. The company has been consolidated on the basis of the control exerted by the States of Jersey. Consequently, their assets continue to be included in the States of Jersey balance sheet in the same way as those of Andium Homes Limited which was incorporated in 2014.

In the year, including the Ports, Andium and other entities, £87.7 million was spent on additions to Property, Plant and Equipment and £66.0 million of depreciation was charged. Impairment reviews were carried out in line with the States accounting policies and the requirements of the Jersey Financial Reporting Manual (JFReM) as part of the interim land and building and infrastructure valuations. Impairments on Property, Plant, Equipment and Non-Current Assets Held for Sale totalling £99.4 million were incurred in 2015, of which £11.2 million were reversals of previous revaluation gains and £46.0 million were recognised through Net Revenue Expenditure, mainly due to a change in the valuation methodology for school buildings which had a £19.0 million impact and £8.0 million across the General and St Saviours Hospital buildings. This was offset by revaluation increases of £223.1 million across asset classes as a result of the interim valuations. More details of movements in the value of Property, Plant and Equipment are set out in Note 9.14.

Overall the value of Strategic Investments increased by £45.2 million. Further details on the valuations are given in Note 9.18.

Investment returns were earned primarily through investments held within the Common Investment Fund but also through a small proportion of investment held outside. Returns from investments were offset by drawings from the Strategic Reserve of £32.7 million and movement to cash holdings.

Pensions liabilities relating to past service liabilities have decreased by £25.0 million, as set out in Note 9.30. The PECRS pre-87 debt decreased by £26.7 million, whilst the provision for JTSF pre 2006 debt increased by £3.6 million with other schemes liabilities decreasing by £1.9 million. The value of both liabilities is calculated by the Scheme Actuaries, and details of the assumptions are given in Note 9.30.

Figure 6 illustrates the balance of assets against liabilities on the States' Statement of Financial Position. The States has total assets of £6.7 billion compared to total liabilities of £0.9 billion. The majority of the States assets consist of Property, Plant and Equipment of £3.4 billion and Investments of £2.5 billion.

The largest liabilities held by the States relate to the pension liabilities totalling £0.4 billion, and the external bond taken out in 2014 of £0.2 billion.

WHERE CAN I READ MORE?

8.2 Statement of Financial Position and the Notes to the Accounts give more details of the States Assets and Liabilities.

FIGURE 5 – STATES ASSETS AND LIABILITIES

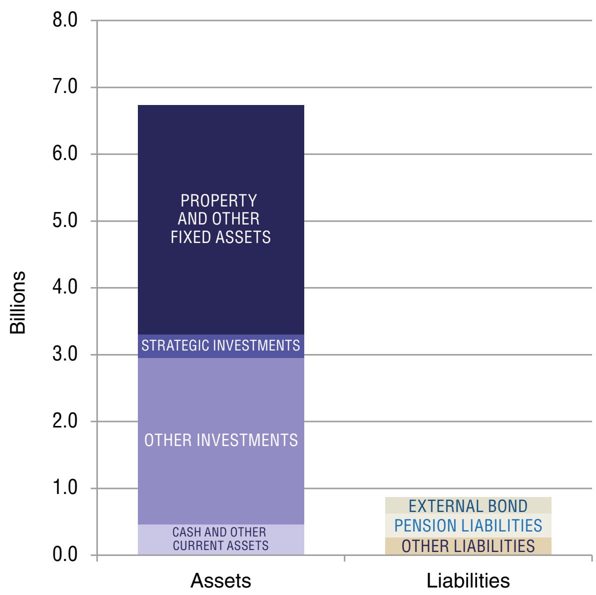
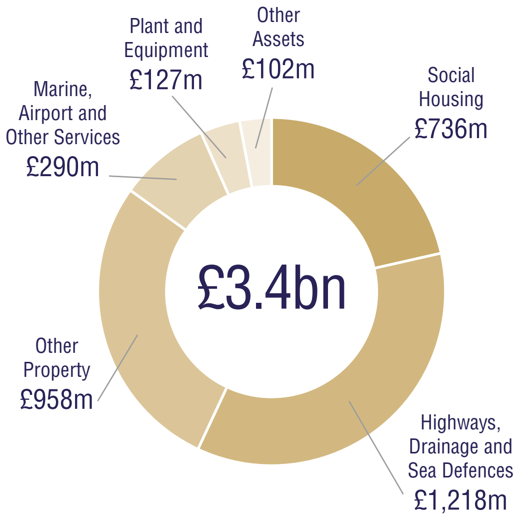


FIGURE 6 – BREAKDOWN OF PROPERTY AND OTHER FIXED ASSETS



Performance of States Investments

The majority of the States investment holdings are now invested via the Common Investment Fund (CIF), facilitating improved risk management, greater diversification across asset classes and investment managers as well as reduction of cost through economies of scale. A small proportion of the States investment portfolio is maintained outside the CIF, this consists of the infrastructure investments made by the Currency Fund (£10.8 million). A portion of the Social Security (Reserve) portfolio was previously invested passively outside the CIF with Legal and General, however, these Funds were transferred into the CIF in 2015.

The total value of the CIF as at the 31 December 2015 was £2.94 billion, up from £2.86 billion at the close of 2014. This increase represents net investment returns of £76.5 million but also net contributions into the Fund of £4.5 million. The 2015 return of £76.5 million equates to a rate of return, net of fees, of approximately 2.8%, slightly below the annual benchmark performance of 3.0%. In considering performance each CIF manager is monitored relative to their own market benchmark; active managers are expected to outperform the market net of their fees, while passive managers should mirror the benchmark. Individual managers may have style bias, which can result in under-performance under certain market conditions. The CIF invests across multiple managers within assets classes which serves to diversify manager risk and to seek performance in all market environments. Performance is best measured over a long investment horizon and managers performance can be expected to exhibit volatility when considered over short timeframes. The mandate of most managers requires them to seek to perform over a complete market cycle, making a three-year performance figure more appropriate for assessment than one-year performance, though both are still monitored. The medium term net return of the CIF, measured over three years, shows annualised performance of 8.85%, in excess of the Fund's benchmark performance of 8.38%. As a three-year performance figure, this represents high performance and is in excess of what is expected to be the long-term return of the CIF given its overall risk profile.

In the current year, most asset classes performed in line with their overall benchmark, the only significant exception being the property class pools which undershot their relative benchmark by approximately 2%. The property market saw exceptional growth during the year, with the market benchmark rising by 12.4%. In this environment the property managers defensive positions detracted from their performance but are expected to provide long-term value. Further costs were also incurred at the beginning of the year increasing the property allocation of the portfolio which contributed to the relative under-performance.

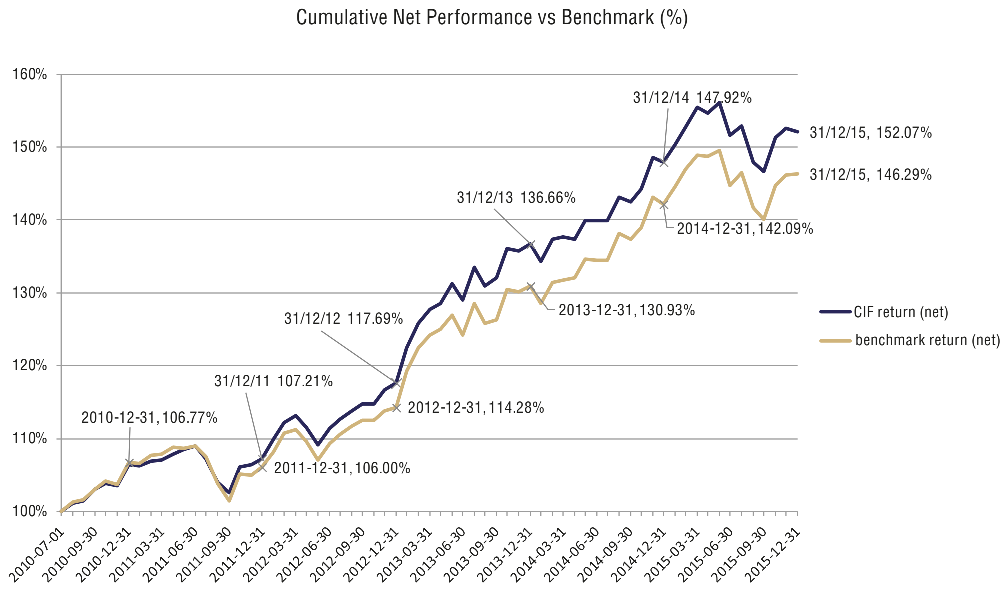
During the year the majority of the CIF return was generated by equity class investments, equity being the largest individual asset class. Overall, equity contributed £53.7 million to the total fund return, a rate of return of 2.9%. Although performance of individual managers varied the overall assets class delivered performance during the year in line with the overall equity benchmark. Equity markets saw considerable volatility over 2015 which was reflected in manager performance. Gains of 7% in the first quarter were surrendered by market falls seen in the second and third quarter before recovering in the fourth to yield an overall return of 2.9%. Variation in the equity pools level of earnings is expected, being a 'return seeking' asset class that generates higher yields, equity is also subject to greater short term volatility.

In December, an absolute return pool was added, in line with the States Investment Strategy last presented to the States in November 2015, and funded by £231.5 million (in anticipation of expected continued volatility in the equity markets.) The purpose of the pool is to provide a more consistent, lower volatility return combined with greater downside protection in anticipation of expected continued volatility in the equity markets. The first month of operation includes the cost of setup and saw the pool produce a negative return of 0.9%; however, performance cannot be assessed over such a short time period. Further tranches of investment into this class were made in January and February 2016.

The fixed income and cash class assets generated consistent, but low, returns during the year reflecting the continuing low interest rate environment; the fixed income classes include the gilt, corporate bond and absolute return bond pools. The fixed income class as a whole generated an annual return of £6.9 million equating to an annual return of 0.9%, a return which was in line with overall class benchmark. Taken individually, each fixed income pool generated a return of under 1%, the corporate and absolute return bond pools met or marginally exceeded benchmark, while the gilt portfolio marginally underperformed benchmark. Although the absolute return bond pool met benchmark it currently trails its outperformance target and is being monitored. The pool is expected to generate an outperformance of 2–4% above LIBOR, the current benchmark, over a full market cycle but has struggled in the current environment. The gilt pools follow a passive mandate and hold assets with a shorter duration than the benchmark. This theoretically makes the pool less sensitive to movements in interest rates, in line with the defensive objectives of the pool, and their performance is in line with expectations. The cash pool generated a return of £1.9 million, an annual net rate of return of 0.8%, marginally outperforming benchmark.

An illustration of CIF cumulative performance vs benchmark is included in figure 7.

FIGURE 7 – CIF PERFORMANCE COMPARED TO BENCHMARK



Financial Position of States Funds

The key results relating to the position of significant funds are highlighted below.

Consolidated Fund

At the end of 2015, the unallocated Consolidated Fund Balance was £64.7 million. The 2015 Budget Statement forecast an unallocated balance in the Consolidated Fund of £2.8 million. This was revised in the 2016 budget to £40.8 million after considering the 'Measures to manage 2015 shortfall'. More details can be found in the 2016 Budget Statement.

The actual balance was £23.9 million more than expected in the Budget 2016. This difference is primarily as a result of higher than expected General Revenue Income (£21.2 million), and variations in the timing of Budget measures such as the proposed removal of the pay provision to recognise a pay freeze in 2015 (£2.5 million) and lower than expected property receipts (£0.5 million) and additional departmental underspends returned (£0.8 million). This was offset by other smaller differences.

Trading Operations

The total balance in the Trading Funds relating to Jersey Car Parking and Jersey Fleet Management increased by £0.4 million with Jersey Car Parking increasing by £0.2 million and Jersey Fleet Management by £0.2 million. A significant amount of these balances have been earmarked for future projects, as detailed in the relevant pages in the Unaudited Annex to the Accounts. Jersey Airport and Jersey Harbours were incorporated as Ports of Jersey Limited on 1 October 2015 so no longer constitute Trading Operations.

Special Funds

The balance in the Strategic Reserve fell by £15 million during the year and now holds over £771.4 million. This decrease represents £21.6 million of net investment returns but drawings of £36.7 million. Drawings on the Fund were approved in Medium Term Financial Plans/Budgets; £10.0 million related to funding for the Independent Jersey Care Inquiry, £22.7 million to the Hospital Replacement Project and £4.0 million for re-profiled redundancy provisions. Further details can be found in the Unaudited Annex to the Accounts.

Other Funds saw smaller movements in their fund balances, and details are given in their individual pages in the Unaudited Annex to the Accounts.

Social Security Funds

The balances of the four Social Security Funds increased in 2015, most notably the Social Security (Reserve) Fund which grew by £35.2 million to £1.3 billion. The increase was generated by investment returns primarily through those held in the CIF.

Further details are can be found in the Social Security Funds individual pages in the Unaudited Annex to the Accounts.

WHERE CAN I READ MORE?

The relevant pages in the Unaudited Annex give more information about the performance and position of the funds. Annually, the Social Security Minister publishes a report of the activities and costs of the Social Security Department.

Assessment of Liquidity

The States of Jersey's fiscal policy is to operate budget surpluses during periods of economic growth with an objective of transferring surpluses to the Stabilisation Fund in order to help fund any deficits that arise in periods of economic decline. In their pre-MTFP report published in January 2015, the Fiscal Policy Panel (FPP), the States' independent fiscal experts, made an assessment of the economic outlook for Jersey and recommended that the States should develop a plan that will address any structural deficit by 2018/2019. The FPP stressed that care should be taken to ensure that the timing and range of any measures minimise the risks to the economic recovery, which, in the early stages, may involve the use of States reserves. The States have considered a range of measures in the development of the MTFP for 2016–2019.

The Stabilisation Fund was used in the 2009–2011 period to provide fiscal stimulus funding and the current balance is just over £6,000. It is intended that this Fund will be rebuilt once the economy recovers sufficiently.

The Strategic Reserve is maintained as a reserve, where the capital value can be used in exceptional circumstances to insulate the Island's economy from severe structural decline. The Strategic Reserve Balance is £771.4 million. The policy for the Strategic Reserve was amended as part of the 2015 Budget to allow the further use of the investment returns for the New Hospital Project while protecting the value of the Reserve in real terms. Further consideration of the policy for the Strategic Reserve and monitoring its desired size relative to the value of the economy was considered as part of the Fiscal Framework, which was presented alongside the MTFP in June 2015.

The unallocated Consolidated Fund balance at the end of 2015 was £64.7 million. Historically, the FPP has recommended that a working balance of £20 million be maintained where possible on the Consolidated Fund. The 2016 Budget indicates a positive balance will be maintained on the Consolidated Fund in each of the years 2016–2019 with a balance of £38.6 million forecast at the end of 2019. The next forecast will be produced as part of the MTFP Addition 2017–2019 due to be lodged on 30 June 2016. This forecast balance is an important part of the flexibility that the Council of Ministers is looking to maintain throughout the period of the MTFP to address the inevitable variations to the current plan and wherever possible to maintain the planned investment in strategic priorities and essential infrastructure. The position of the Consolidated Fund is being monitored during 2016 and further measures will be proposed as required.

The balances held in the Social Security Funds are not currently required for in-year benefit expenditure with the exception of the Long Term Care Fund. The balances held in the Social Security (Reserve) Fund have been set aside for the future provision of pension benefits for those in employment so as to reduce the impact of pensions on future generations, as well as to smooth contributions for Social Security benefits over time. The balances in the Social Security Fund, Health Insurance Fund and Long Term Care Fund will be used to pay benefits under the relevant laws.

The sufficiency of the Social Security Fund and Social Security (Reserve) Fund (the combined funds) is assessed in the Government Actuary's Department (GAD) report on the condition of the Fund, which is required under the law to be carried out at least every three years. The last published report assessed the condition of the fund as at 31 December 2012, and is available on www.gov.je. This report includes estimates for when the balance in the combined funds will fall to zero at existing contribution rates, and using a range of relevant assumptions. The various scenarios considered give a range from 2033 to 2057.

Financing, Treasury and other policies

Financing

States expenditure is substantially funded through accumulated and current year revenues rather than borrowing. Comparatively small amounts of borrowings exist for specific assets in the form of Finance Leases.

In the Budget Statement 2014 the States agreed that a maximum of £250 million could be borrowed by the States for housing purposes. That Budget proposed that a public bond issue would be the most suitable form of borrowing; a £250 million public bond was issued in 2014.

Significant Treasury Policies

The States of Jersey regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the States of Jersey.

Estate Management Strategy

The States aims to provide safe and appropriate accommodation for all States departments whilst striving to maximise usage of public property assets whilst minimising operating costs. The States' Estate Management Policy has four main aspects.

Maintaining a legally compliant Estate

A fundamental requirement of the Estates Management function is to implement the policy of maintaining a legally compliant estate for staff, users of facilities and the general public. Jersey Property Holdings (JPH) undertakes an ongoing assessment of the statutory compliance levels for buildings under its management. In 2015 an average compliance level of 94.75% was achieved for the year on properties within the direct management of JPH Maintenance Team. Each test or inspection is certified as complete by competent contractors and is not confirmed as compliant until the inspection certification has been received by JPH.

Ongoing Maintenance and Improvement Works

JPH allocates funds to continue a programme of maintenance and improvement projects to address deficiencies in the property portfolio, based on the following prioritisation criteria:

1. Committed funding (e.g. the continuation of existing phased works or those identified as linked with carry forward funds)

2. Urgent works that address a Health and Safety need

3. Urgent Operational Continuity/Building Fabric Works ('Wind and Watertight')

4. Other Essential Improvement Works

Responsibility for managing and maintaining 55 sites previously administered by the Health and Social Services Department was transferred to JPH in 2015, with a maintenance budget sum of £300,000.

The total budget available for JPH and Health and Social Services properties for backlog maintenance projects, improvement works and mandatory and cyclical maintenance and reactive work activities for 2015 was £8,150,000 (excluding SoJ staff costs) that provided funding for a programme comprising more than 80 individual projects.

The budget was spent on a mix of large scale projects, such as rockface works at Snowhill, refurbishment of the Nightingale Building at Highlands College, replacement of the flat roofs at Janvrin School and small scale projects such as toilet refurbishment at The Bridge and roof repairs at Maufant Youth Centre.

Operational Property Review: Office Modernisation Project

In 2015, JPH continued to progress the Office Modernisation Programme as part of the wider Public Sector Reform agenda. The Target Operating Model for Office Modernisation was developed through 2015 to take into account the impact of the changes to office spatial requirements resulting from the rationalisation of service delivery. This enabled the project team to consider consolidating the States' central administration functions into a single site, rather than two locations as had been previously modelled.

A concept scheme was developed that looked at two sites in Public ownership to consider where to locate the Central Administration Building: Cyril Le Marquand House and the combined Philip Le Feuvre/La Motte Street site. A detailed assessment of the relative costs and benefits of both sites was undertaken in the latter part of 2015 and into 2016. The result of the evaluation was to recommend to the Council of Ministers in February 2016 that the Philip Le Feuvre/La Motte Street site was the preferred location. A feasibility study is now underway to determine how best to progress development on this site, alongside proposals for funding and the strategy for disposal of the sites to be vacated.

In addition to the development of a Central Administrative Building, the programme will improve the retained office buildings to improve their efficiency in use and provide a modern working environment for the future.

Disposals of surplus assets

The States has a policy of disposing of assets which are surplus to requirements, reducing the States' property portfolio to a size which is more affordable and efficient, and releasing capital proceeds to fund the States capital investment programme within the MTFP. Disposal receipts in excess of £3 million were achieved in 2015. These included the sale of the former JCG building to the States of Jersey Development Company, some residential properties formerly used by the Health and Social Services Department that were no longer 'fit for purpose' and the continuing programme of disposing of the Public's freehold interest in properties held by tenants under 99 year leases.

Review of the Pension Schemes

The States two main public sector pension schemes, the Public Employees Contributory Retirement Scheme (PECRS) and Jersey Teachers' Superannuation Fund (JTSF), have an important impact on the Island's economy, with around 1 in 3 Jersey households having some reliance on a public sector pension scheme. The pension schemes are an important tool in attracting key public sector workers, and funded public sector schemes reduce the reliance on social security benefits.

Life expectancy has improved greatly in recent years which is impacting on the affordability of public service pensions. In addition, expectations of how much money will be earned over the long term from the investments have been reducing and are now significantly lower than when the schemes were established. The long term sustainability of public sector pension schemes was the subject of the Hutton report in the UK, and the States of Jersey has recognised the need to consider its own schemes.

A Technical Working Group (TWG) was formed in August 2011, with terms of reference to "Develop and prepare a report on possible options for changes to Public Employees Contributory Retirement Scheme (PECRS) to ensure its viability and sustainability for the future." The key principles are that the scheme must be Sustainable, Affordable and Fair for the long term.

In March 2013 the States Employment Board agreed the TWG report and committed to making changes to PECRS that included;

- introducing a Career Average Revalued Earnings (CARE) Scheme
- linking the normal retirement age to the Jersey state pension age
- introducing a higher employee contribution rate
- delivering equity and fairness – treat all employees fairly
- clearly defined risk sharing between employer and employees
- introducing a contribution cap for employees, employers and thereby tax-payers

In 2014 a final offer was made to the Joint Negotiating Group (JNG), a co-ordinating group dealing with pension negotiations on behalf of its constituent Unions and Staff Associations. Unions representing the overwhelming majority of the active membership voted to accept the proposals. The enabling Law was lodged in March 2014, approved by the States and was passed by the Privy Council in July 2014.

In November 2015 the Public Employees Pension Scheme (PEPS) Regulations were agreed by the States. These regulations introduce a CARE scheme for all new employees employed after 1 January 2016. Existing employees will transfer to the CARE scheme from 1 January 2019. Existing employees closest to retirement will have the option to remain in the PECRS.

It is expected the Jersey Teachers Superannuation Fund (JTSF) will be reviewed following the implementation of PEPS.

In addition to the defined benefit schemes outlined in Note 9.30, accounting treatment of the PECRS and JTSF schemes is explained in Note 9.2 'Critical Accounting Judgements and key sources of estimation uncertainty'. From the 1 January 2016 the States of Jersey also operates the Public Employees Pension Scheme (PEPS) which will be accounted for on the same basis as PECRS and JTSF.

The information presented in relation to the PECRS and JTSF schemes on pages 44 to 49 has not been audited.

The accounting policy for the recognition of the PECRS and JTSF schemes is explained in Note 9.2.

The Public Employees Contributory Retirement Scheme (PECRS)

The PECRS was open to all public sector employees (excluding teachers) up to 31 December 2015 and membership is obligatory for all employees on a permanent contract. The Scheme is managed by a Committee of Management.

The market value of the Scheme's assets as at 31 December 2015 was £1.8 billion (2014: £1.7 billion).

The results of the most recent actuarial valuation as at 31 December 2013 indicated that the Scheme has an actuarial surplus of £92.7 million. This surplus was treated in accordance with the terms of the Scheme's Regulations and was used to reimburse members who in the past had their pension increases reduced. After this reimbursement the surplus was £54.6 million. The actuarial valuation report also confirmed that the contributions being paid into the Scheme were insufficient to fund the benefits being promised. This has been addressed by the States in agreeing changes to the scheme in November 2015 (P.96/2015, P.97/2015, P.98/2015, P.99/2015, P.100/2015).

The States in agreeing P.190/2005 on September 2005 confirmed responsibility for the past service liability which arose from the restructuring of the PECRS arrangements with effect from 1 January 1988. More details of the agreement are set out in Note 9.1, Accounting Policy 17.15. This liability amounted to £253.6 million at 31 December 2015 (2014: £280.3 million), and more details are given in Note 9.30. The past service liability was originally intended to be repaid over 82 years (from 2002), after which the employers' contribution rate will revert to 15.16% of members' salaries. In the MTFP 2013–2015 additional payments were agreed to accelerate the repayment of the debt, meaning the liability will now be settled by 2053. The payment relating to this liability made in 2015 was £26.3 million (2014: £7.2 million). This includes a payment of £20.7 million received from Jersey Airport and Jersey Harbours immediately prior to their incorporation as Ports of Jersey Limited for their share of the pre-87 debt.

The Jersey Teachers Superannuation Fund (JTSF)

Membership of the JTSF is compulsory for all teachers in full-time employment and optional for those in part-time employment. The Fund is managed by a Management Board.

The figures include Non-Provided Schools that qualify as Accepted Schools under the law. The market value of the Fund's Assets as at 31 December 2015 was £430.5 million (2014: £421.3 million).

The JTSF was restructured with effect from 1 April 2007 and now generally mirrors the PECRS. A provision for the past service liability, similar to the PECRS Pre-1987 past service liability has been recognised although this has not yet been agreed with the Scheme's Board of Management. The employer's contribution rate rose to 16.4%.

The results of the actuarial valuation as at 31 December 2013 concluded that there was a surplus of £7.4 million in the scheme after taking account of the States of Jersey's expected future payments to cover the past service debt. The States Employment Board agreed that the terms of the repayment should be developed into Orders. It is planned this will be completed following a review of the Jersey Teachers Superannuation Fund.

The 2013 actuarial valuation also highlighted that the contributions being paid into the Scheme are insufficient to pay for the benefits being promised and that the situation had worsened over the preceding 3 years.

The PECRS and JTSF are both final salary schemes, but are not conventional defined benefit schemes as the employer is not responsible for meeting any ongoing deficiency in the scheme. Because of that limitation on the States' responsibility as employer, the scheme deficit in each case is disclosed below but not recognised in the States Accounts. The figures below are prepared using the methodology set out in IAS 19, which differ from those used to assess the long-term sustainability of the funds. IAS 19 requires more conservative assumptions to be used to value Scheme assets and liabilities than are used under an actuarial valuation. This produces deficits in the Schemes when actuarial valuations may be showing a surplus. The States is required to report under IAS 19 whilst acknowledging that it is the actuarial valuations that provide a more accurate assessment of the funding position of the public sector pension schemes.

Financial Assumptions

The main financial assumptions made by the actuary where applicable were:

	2015 % p.a.	2014 % p.a.	2013 % p.a.
Jersey Price Inflation	3.00	3.00	3.70
Rate of general long-term increase in salaries	4.00	4.00	4.40
Discount rate for scheme liabilities	3.70	3.50	4.40
Rate of increase to pensions in payment payable by PECRS	3.00	3.00	3.55
Rate of increase to pensions in payment payable by JTSF	3.00	3.00	3.70

The States of Jersey employs a building block approach in determining the long-term rate of return on scheme assets. Historical markets are studied and assets with higher returns consistent with widely accepted capital market principles. The assumed long-term rate of assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme.

The Public Employees Contributory Retirement Scheme (PECRS)

DEMOGRAPHIC ASSUMPTIONS

The principal demographic assumptions (Post retirement mortality assumptions) made by the actuary to calculate the liabilities under IAS 19 were:

	2015	2014
Males		
Future lifetime from aged 63 (currently aged 63)	25 years	25 years
Future lifetime from aged 63 (currently aged 45)	27 years	27 years
Females		
Future lifetime from aged 63 (currently aged 63)	27 years	28 years
Future lifetime from aged 63 (currently aged 45)	29 years	29 years
Commutation		
	Each member assumed to exchange 21% of their pension entitlements	

ASSETS OF THE SCHEME AND THE WEIGHTED AVERAGE EXPECTED RATE OF RETURN ON ASSETS

	2015 Value £'000	2014 Value £'000
Equities	667,239	669,310
Property	216,483	168,331
Overseas Bonds	99,960	–
Corporate Bonds	210,288	175,084
Cash	114,565	100,034
Other	522,838	550,143
Total market value of assets	**1,831,373**	**1,662,902**
Present value of scheme liabilities	(2,602,543)	(2,563,024)
Net pension liability on the balance sheet	**(771,170)**	**(900,122)**

Note: Values shown are at bid value. "Other" includes Hedge Funds.

CHANGES TO THE PRESENT VALUE OF THE SCHEME LIABILITIES DURING THE YEAR

	2015 £'000	Restated 2014 £'000
1 January	**2,563,024**	**2,303,206**
Current service cost	73,756	66,035
Past service cost	34	59,711
Interest cost	89,597	100,291
Actuarial (gains)/loss on scheme liabilities	(166,519)	84,906
Contributions by scheme participants	13,942	13,692
Net benefits paid out	(72,918)	(64,817)
Business Combinations (JT Group and Jersey Post)	101,627	–
31 December	**2,602,543**	**2,563,024**

CHANGES TO THE FAIR VALUE OF THE SCHEME ASSETS DURING THE YEAR

	2015 £'000	Restated 2014 £'000
1 January	**1,662,902**	**1,536,295**
Interest income on plan assets	58,929	67,475
Remeasurement gains/(loss) on scheme assets	33,889	67,648
Contributions paid by the employer	62,161	42,609
Contributions by scheme participants	13,942	13,692
Net benefits paid out	(72,918)	(64,817)
Net increase in assets from disposals/acquisitions	72,468	–
31 December	**1,831,373**	**1,662,902**

The scheme assets generated a gain of £92.8 million in the year (2014: gain of £135.1 million).

AMOUNTS FOR CURRENT PERIOD AND PREVIOUS FOUR PERIODS

	2015 £'000	Restated 2014 £'000	2013 £'000	2012 £'000	2011 £'000
Scheme assets	1,831,373	1,662,902	1,536,295	1,314,267	1,182,414
Defined benefit obligation	(2,602,543)	(2,563,024)	(2,303,206)	(2,081,084)	(1,880,420)
Surplus/(deficit)	(771,170)	(900,122)	(766,911)	(766,817)	(698,006)
Remeasurement gains/(loss) on scheme assets	33,889	67,648	137,874	55,022	(171,956)
Experience gains/(losses) on scheme liabilities *	(71,794)	23,794	40,034	14,283	13,731

* This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

The IAS 19 valuation at 31 December 2015 showed a decrease in the scheme deficit from £900.1 million to £771.2 million.

The Jersey Teachers Superannuation Fund (JTSF)

DEMOGRAPHIC ASSUMPTIONS

The principal demographic assumptions (Post retirement mortality assumptions) made by the actuary to calculate the liabilities under IAS 19 were:

	2015	2014
Males		
Future lifetime from aged 65 (currently aged 65)	23 years	23 years
Future lifetime from aged 65 (currently aged 45)	26 years	26 years
Females		
Future lifetime from aged 65 (currently aged 65)	26 years	26 years
Future lifetime from aged 65 (currently aged 45)	28 years	28 years
Commutation		
	Members who joined the Scheme after 31 March 2007 assumed to exchange 16.67 of their pension entitlements. Nil for other members.	

ASSETS OF THE SCHEME AND THE WEIGHTED AVERAGE EXPECTED RATE OF RETURN ON ASSETS

	2015 Value £'000	2014 Value £'000
Equities	258,807	319,521
Property	90,092	60,121
Index-Linked Gilts	–	16
Corporate Bonds	42,402	38,835
Cash	1,506	2,762
Other	37,667	
Total market value of assets	**430,474**	**421,255**
Present value of scheme liabilities	(701,571)	(725,403)
Net pension liability on the balance sheet	**(271,097)**	**(304,148)**

Note: Values shown are at bid value.

CHANGES TO THE PRESENT VALUE OF THE SCHEME LIABILITIES DURING THE YEAR

	2015 £'000	Restated 2014 £'000
1 January	**725,403**	**685,141**
Current service cost	14,160	13,171
Interest cost	25,115	29,819
Actuarial (gains)/loss on scheme liabilities*	(46,759)	13,007
Contributions by scheme participants	2,622	2,628
Net benefits paid out	(18,970)	(18,363)
31 December	**701,571**	**725,403**

* Includes changes to the actuarial assumptions.

CHANGES TO THE FAIR VALUE OF THE SCHEME ASSETS DURING THE YEAR

	2015 £'000	Restated 2014 £'000
1 January	**421,255**	**386,079**
Interest income on plan assets	14,600	16,825
Remeasurement gains/(loss) on scheme assets	3,408	26,548
Contributions paid by the employer	7,559	7,538
Contributions by scheme participants	2,622	2,628
Net benefits paid out	(18,970)	(18,363)
31 December	**430,474**	**421,255**

The scheme assets generated a gain of £18.0 million in the year (2014: gain of £43.4 million).

AMOUNTS FOR CURRENT PERIOD AND PREVIOUS FOUR PERIODS

	2015 £'000	Restated 2014 £'000	2013 £'000	2012 £'000	2011 £'000
Scheme assets	430,474	421,255	386,079	326,852	301,850
Defined benefit obligation	(701,571)	(725,403)	(685,141)	(624,842)	(569,772)
Surplus/(deficit)	(271,097)	(304,148)	(299,062)	(297,990)	(267,922)
Remeasurement gains/(loss) on scheme assets	3,408	26,548	43,459	8,798	(36,989)
Experience gains/(losses) on scheme liabilities *	(20,640)	(23,067)	12,804	(31,453)	14,253

* This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

The IAS valuation at 31 December 2015 showed a decrease in the scheme deficit from £301.1 million to £271.1 million.

2.9 Explanation of the Structure of the States of Jersey

Principal Activities of the States of Jersey

The States Assembly raises taxes and other levies to fund the provision of a wide range of public services including Health Care, Education, Social Security and the administration of Justice. These functions are primarily carried out by Departments, both Ministerial and Non Ministerial.

The States of Jersey Accounting Boundary

The entities included within the States of Jersey Accounting Boundary are shown on the following page. More information on specific entities is given in the next section.

Consolidated Fund

The Consolidated Fund is governed by the Public Finances (Jersey) Law 2005 and is the fund through which the majority of the States' income and expenditure is managed, including General Revenue Income and departmental income and expenditure.

Trading Operations

Under the Public Finances (Jersey) Law 2005, the States can designate any distinct area of operation as a States Trading Operation. Estimates for Trading Operations are approved in the Annual Business Plan.

Special Funds

In addition to the Consolidated Fund, the Public Finances (Jersey) Law 2005 names four Special Funds – the Strategic Reserve, the Stabilisation Fund, the Currency Fund and the Insurance Fund. These relate to the operation of the States of Jersey in general. The Public Finances (Jersey) Law 2005 also allows the States to establish special funds (also known as Separately Constituted Funds) for specific purposes. These are usually established by legislation or a States decision, and more detail is given in Table 8 in section 2.5.

Social Security Funds

In 2013 the Accounting Boundary was expanded to include the Social Security Fund, Social Security (Reserve) Fund and Health Insurance Fund, which were previously specifically excluded by the JFReM. The Jersey Dental Scheme and the Long Term Care Fund when established in 2014 were also included in this category. Details of the purpose of the funds are given in section 2.5, and the reasons for the change in the Accounting Boundary are set out more fully in Section 6.1.

Incorporation of Housing

The incorporation of the Housing department into a separate legal entity (a company limited by guarantee other than the Strategic Housing Policy Unit, which was retained by the States) was approved by the States under P.63/2013. The transfer into the new company was effective from the 1 July 2014.

The agreement of the Memorandum of Understanding for Andium Homes, resulted in a more significant involvement of the States of Jersey in decision making than was the case for the other Strategic Investments. By virtue of those arrangements, it was deemed that the States appeared to operate direct control of Andium Homes.

To reflect this the results of Andium Homes are shown within the consolidated financial statements

Incorporation of Ports of Jersey

The incorporation of Jersey Airport and Jersey Harbours Trading Operations into a separate legal entity, Ports of Jersey Limited, took place on 1 October 2015. Similarly to Andium Homes Limited, the States of Jersey is deemed to operate direct control of Ports of Jersey and, as a consequence, the results of Ports of Jersey are shown in the consolidated financial statements.

STATES OF JERSEY GROUP					
CONSOLIDATED FUND	TRADING OPERATIONS	SPECIAL FUNDS NAMED IN THE PFL[1]	SPECIAL FUNDS FOR SPECIFIC PURPOSES	SOCIAL SECURITY FUNDS	WHOLLY OWNED COMPANIES
Ministerial Departments Non-Ministerial Departments (including Jersey Overseas Aid Commission) General Revenue Income	Fleet Management Car Parking	Strategic Reserve Stabilisation Fund Currency Fund Insurance Fund	Loans Funds Tourism Development Fund Lottery Fund Housing Development Fund Confiscations Funds Ecology Fund	Social Security Fund Social Security (Reserve) Fund Health Insurance Fund Long Term Care Fund Jersey Dental Scheme	States of Jersey Development Company Ltd [Formerly Waterfront Enterprise Board Ltd] Andium Homes Ltd Ports of Jersey Limited

1 Public Finances (Jersey) Law 2005

Public Sector Bodies Outside of the Accounting Boundary

Some functions of Government are carried out by Public Sector Bodies that are outside of the Accounting Boundary (and so not included in these accounts). These include:

PARISHES

The Parishes perform various Government Functions, including Refuse Collection, Provision of Parks and Gardens and issue of Licenses. Details of the functions of individual parishes can be found on the Parishes Websites. http://www.parish.gov.je/

TRUST AND BEQUEST FUNDS

The States administers a number of Trust and Bequest Funds. These funds commonly set defined purposes for the use of their assets, and so are not controlled by the States directly.

STRATEGIC INVESTMENTS

The States owns controlling investments in these utility companies, but as it does not exert direct control as defined by the JFReM these are accounted for as Strategic Investments in the Accounts.

- Jersey Electricity plc
- Jersey New Waterworks Company
- Jersey Telecom Group Limited
- Jersey Post International Limited

More information about the valuation of these companies is given in Note 9.18.

INDEPENDENT BODIES

Independent bodies, including for example the Channel Island Competition Regulation Authority and the Jersey Financial Services Commission, mainly provide supervisory and regulatory functions, and are established by legislation to be independent from the States of Jersey.

COMMON INVESTMENT FUND

The States of Jersey – Common Investment Fund (CIF) is only open to States Funds (including Special Funds, Trust Funds and Bequest Funds), and allows them to benefit from greater investment opportunities and economies of scale. Investments in the CIF and associated transactions are included in these Accounts to the extent that they relate to entities within the Accounting Boundary. More details on the operation of CIF are given in Note 9.35.

1. http://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=1963

2. Baseline information has been converted into carbon dioxide equivalents (CO_2e) in tonnes using the conversion factors that have been supplied by the Carbon Trust.

2.10 Sustainability

Introduction

The States of Jersey recognises its environmental responsibilities and the impacts of its many and varied operations upon the environment.

This Sustainability Report is the third to be included in the Financial Report and Accounts in line with the States of Jersey Financial Reporting Manual (JFReM). The JFReM is based on the UK version of the same document (with a one year delay), which is prepared by HM Treasury and is subject to scrutiny by an independent board, the Financial Reporting and Advisory Board.

The Report includes information on key areas of environmental performance, such as emissions and finite resource consumption. The States will look to develop and enhance this information in future years.

A key environmental initiative is the eco active States (EAS) programme which has been developed to assist the States of Jersey in managing its environmental performance and resource management with consequent efficiency savings. The programme was endorsed by the Corporate Management Board in February 2011 and a renewed commitment was made in October 2012. Further information on the EAS programme can be found in the eco active States annual report, including achievements during the year[1].

Greenhouse gas emissions

Greenhouse gas emissions result from the heating and lighting of all States of Jersey properties, running IT systems and use of fleet vehicles.

The focus for electricity usage reduction has continued to be on 65 buildings on the maximum demand tariff. Monthly dashboards are used to monitor usage for these buildings, and a reduction of 11% has been achieved since 2009. It is important to note that this does not correspond to a similar reduction in greenhouse gas emissions due to the low carbon intensity of the electricity in Jersey, as explained over the page. The majority of emissions result from the use of oil and gas for heating purposes and petrol and diesel for transport.

A heating oil meter programme has been rolled out to enable accurate reporting of consumption by building. This formed part of an original programme of invest to save measures undertaken back in 2011/12 through the Comprehensive Spending Review programme and delivered by Jersey Property Holdings. This roll out has continued and to date oil meters have been installed in 50 properties and oil consumption monitoring data was added to energy dashboards in 2015 for distribution to the relevant property users.

The States of Jersey vehicle fleet is made up of low emission lease-hire cars, including a small number of electric vehicles and owned vehicles which are kept for their full economic life. During 2015 the number of departments using Jersey Fleet Management (JFM) to provide fuel has remained stable and the 2.5% reduction in fuel supplied compared with 2014 is therefore thought mainly to be a reflection of the use of more fuel efficient vehicles through the ongoing fleet replacement policy of JFM.

The table below gives information on energy consumption were usage data is available, with equivalent CO_2 emissions[2].

Greenhouse Gas (GHG) Emissions		2015	2014	2013
Energy Consumption	Electricity (millions of kWh)	66.6	66.9	68.8
	Heating Oil (millions of litres)	2.9	3.8	4.5
	Fleet Vehicle Fuel (thousands of litres)	550	564	522
	Gas (millions of kWh)	7.3	7.2	8.5

Greenhouse Gas (GHG) Emissions		2015	2014	2013
Equivalent Emissions	Electricity (tCO_2e)	6,100	6,200	6,300
	Heating Oil (tCO_2e)	7,000	9,400	11,200
	Fleet Vehicle Fuel (tCO_2e)	1,500	1,500	1,400
	Gas (tCO_2e)	1,500	1,200	1,300
Financial Indicators	Total energy expenditure (Electricity, Gas, Heating Oil and Vehicle Fuel) (£m)	11.1	12.0	12.4

The numbers above include States departments within the States of Jersey Accounting Boundary.

Finite Resource Consumption – Water

Total water consumption by the States of Jersey includes all the public toilets and schools, plus the airport and hospital and all other States of Jersey activities. Consequently, it is not possible to compare our overall performance against recognised good practice benchmarks. In addition, the installation of new meters in 2015 to enable the migration to metered accounts means that metered consumption is not directly comparable between years.

Under the EAS programme, monitoring of water usage focuses on key States buildings. Current office usage is estimated to be in excess of 9m³ per person per year in some premises, compared to UK government benchmark of 4m³.

A priority of the EAS programme is to reduce water usage. In reducing water consumption, there is potential for significant cost savings, as well as a reduction in energy that is used to collect, process, clean and transport potable water to the workplace.

Finite Resource Consumption – Water		2015	2014	2013
Non-Financial Indicators	Metered Water Consumption (thousands of m³)	456	455	448
	Metered Water Costs as % of total Water Supply Costs	57%	55%	53%
Financial Indicators	Water Supply Costs (£m)	2.3	2.0	2.0

Finite Resource Consumption – Paper

The Managed Print Service continues to provide the States of Jersey with its office print services. It has supported our environmental and sustainability considerations by reducing by half the total number of machines that were previously in use. The machines consume less power in operation and have sleep and deep sleep modes to further improve energy conservation. The service continues to provide printing configuration controls, such as Pull printing where users have to intentionally recall their printing from machines rather than it printing automatically and default double sided mono printing results in more control and visibility over printing jobs and pages actually printed.

In addition, during 2015 the Corporate Management Board endorsed a policy of using recycled white A4 paper where possible.

Finite Resource Consumption – Paper		2015	2014	2013
Non-Financial Indicators	Reams of paper purchased	67,364	64,520	54,540
	% Recycled paper purchased	44%	41%	11%

3. http://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=1039

Waste

Jersey's Solid Waste Strategy (2005) provides a set of waste reduction and recycling targets for the Island and follows the internationally recognised Waste Hierarchy which prioritises waste prevention and minimisation ahead of reuse which is prioritised above recycling.

The Solid Waste Strategy is currently being updated and will be published in 2016. The new strategy will outline how the Island's waste management should move forwards during the next ten years. Working to ensure the Energy from Waste plant continues to operate in compliance with the Waste Management (Jersey) Law 2005 remains a priority and this will be achieved by prioritising alternative waste management options for those materials that are unacceptable for energy recovery and focusing on reducing the environmental impact of Jersey's waste through waste minimisation and recycling strategies.

Staff are already engaged with the essence of the future strategy as the Transport and Technical Services Department (now Department for Infrastructure) continues to work closely with the eco active programme to raise staff awareness about the importance of separating materials that should not be throw away with general waste such as glass, batteries, metals and electrical items.

There has also been a focus to promote an understanding of what waste each department generates and what processes are in place to manage the different waste streams so that each area can generate their own improvement targets.

Climate change adaptation and mitigation

Jersey has lower carbon emissions per capita than other jurisdictions because the Island has little manufacturing or on-island power generation. The Island's emissions originate principally from the space heating and cooling of residential, commercial and institutional premises as well as from road transport.

By becoming a signatory, through the UK, to the Kyoto Protocol, Jersey has committed to take a challenging and pro-active approach to reducing its carbon emissions. The UK and the EU have adopted a Kyoto target of an 80% reduction in emissions from 1990 to 2050. The Pathway 2050: An Energy Plan for Jersey[3], which was adopted by the States Assembly in May 2014, outlines how Jersey can mitigate some of the impacts of climate change, and meet the 80% emissions reduction requirement by working towards a low carbon future.

The States of Jersey published Turning Point in 2009, explaining both the science and possible impacts of climate change for Jersey; in 2015 the development of a climate change adaptation strategy commenced.

In 2015, the States of Jersey developed an online infographic providing details of Jersey's greenhouse gas emissions. The infographic uses the data submitted to compile the UK greenhouse gas inventory which is a requirement of the Kyoto Protocol.
http://www.gov.je/Environment/GenerateEnergy/Pages/GreenhouseGasEmissions.aspx

Biodiversity and the natural environment

The Biodiversity strategy was produced in 2008, and identifies habitats and species to be protected. Jersey is a signatory to a number of multi-lateral environmental agreements (MEAs) on biodiversity which are implemented through local legislation, policies and education/awareness raising programmes. The Department of the Environment natural environment team are responsible for implementing these MEAs.

The biodiversity strategy has established the Jersey Biodiversity Partnership and a network of species and habitat Champions.

Full details of the Biodiversity Strategy and international commitments are available on www.gov.je.

In addition to reducing water use, the EAS programme has a priority action to ensure that pollutants do not enter the water course. This includes a requirement for a pollution prevention plan to be produced for all buildings in order to reduce the risk of pollution occurring and any breaches in the Water Resources (Jersey) Law.

Sustainable procurement

The States of Jersey is committed to the principles of sustainable procurement. The EAS commitment requires all departments to ensure that sustainability is considered as part of the procurement process.

Some examples included:

- Supplier Questionnaire and Pre-Qualification Questionnaires used by Corporate Procurement in 2015 included section seeking detail of suppliers Environmental / Sustainability policies and consideration of these formed part of evaluation process where appropriate.
- Jersey Property Holdings – tender and maintenance contracts require suppliers to have environmental management systems in place.

Appendix – Data Sources

The sustainability report above, which has not been audited, uses the following data sources.

Electricity Usage – based on information provided by the Jersey Electricity Company.

Heating Oil Usage – based on information provided by central procurement and relates to the total deliveries received rather than use.

Vehicle Fuel Usage – based on information provided by Jersey Fleet Management (JFM) on fuel purchases for lease cars made through JFM.

Gas Usage – based on information provided by Jersey Gas.

Water Usage – based on information provided by the Jersey New Water Works Company.

Paper Usage – based on information provided by the States Corporate Supplier for Stationary.

Relevant amounts have been converted into emissions information using standard conversation factors provided by the Carbon Trust and as advised by the Department for the Environment.

The States of Jersey would like to thank all the companies and departments that have provided information to support the drafting of the 2015 Sustainability report.

2.11 Corporate Social Responsibility

Employee Engagement

The States of Jersey consults with its employees on matters that affect their working lives and seeks to maintain an appropriate environment for the delivery of high quality public services. In doing so, the States of Jersey recognises a number of trade unions and staff associations for negotiation and consultation across the workforce for the purposes of collective bargaining and consultation. Formal meetings take place throughout the year, or as required and States Departments also maintain local arrangements for meeting their accredited representatives to discuss matters of local interest.

The Public Sector Reform programme is actively utilising the talents of employees to develop and implement new working practices which contribute to the improvement of services throughout the island. As part of Public Sector Reform the Workforce Modernisation is working in partnership with trade unions and associations to design and develop a unified, equality-proofed, affordable and sustainable reward framework and terms and conditions for its workforce.

Employment of People with Disabilities

At all times there are employees with individual employment needs undertaking a wide variety of paid, therapeutic and unpaid roles across all Departments and occupational groups. The States of Jersey adopts a flexible and equitable approach to the employment and retention of people who have or develop an individual employment need. The States of Jersey will provide a guaranteed interview for a candidate who has a recognised disability.

Personal Data Related Incidents

During 2015 there were 5 Personal Data Related Incidents (2014: 25). These all related to incidents of unauthorised disclosure of personal data information. Each incident has been reported and investigated in line with States policy.

Payment of Suppliers

The States has a policy of paying suppliers 30 days after invoice date, with exceptions only where the States receives a clear benefit from early payment. During the year the average payment period was 30 days (2014: 34 days).

2.12 Conclusions

The 2015 Financial Statements for the States of Jersey including the results of Special Funds and subsidiaries show a total net deficit of £41.9 million, compared to a surplus of £17.1 million in 2014. The movement between 2014 and 2015 is largely due to lower investment income in 2015 which reflects market conditions, but also takes account of changes in non cash expenditure such as depreciation and impairments and movements in employee pension scheme past service liabilities

Excluding the results for funds and companies whose income and expenditure is not subject to States Assembly approvals, the States ended the year with an operating deficit of £5.3 million, a significant improvement upon the £17.1 million deficit for 2014. Whilst income exceeded expenditure, reserves have been used to ensure that services and capital spend were maintained, in accordance with economic advice. After depreciation, the deficit amounted to £50 million, down from £76 million in 2014.

General Revenue Income has increased by £34.7 million compared to 2014 and was £18.5 million higher than forecast in the Budget 2016. Departmental Expenditure was £24.9 million less than the amounts approved for Departments to spend. Most of this underspend has been carried forward in to 2016 to enable departments to continue projects that span the year end and to meet priority spending needs, however £6 million has also been made available to transfer to the Long Term Care Fund and £5.9m to the Consolidated Fund. This was in addition to the 2% savings removed from budgets at the start of the year and a further £5 million agreed by Ministers through the year.

There was a balance of £32.6 million within contingency and restructuring funding at the end of the year. Some of this money has been carried forward into 2016 to provide flexibility given known funding pressures, whilst Departments continue with plans to deliver reform and savings. £22.5 million of the contingency balance relates to measures identified in the 2015 Budget and 2016 Budget and has accordingly been returned to the Consolidated Fund.

Departments spent £45.6 million on capital investment in the year, delivering the infrastructure important to the community, economy and to the delivery of Government services.

Although down from the previous two years due to market conditions and after the transfers out for the Strategic Reserve, States of Jersey investments held in the Common Investment Fund (CIF) still increased in value by £70 million in 2015. The three year investment performance of the CIF annualised remains robust at 8.85%.

Whilst reserves have been used in accordance with the financial strategy adopted, the States Balance Sheet is in a strong position, growing by £166 million to £5.9 billion. It is important to safeguard the strong financial position against the costs associated with the ageing population and 2015 saw the approval of more sustainable public sector employee pension arrangements and the commencement of contributions into the Long Term Care Fund.

2015 saw the successful incorporation of Jersey Airport and Jersey Harbours into Ports of Jersey Limited. For the 2015 Accounts, the States of Jersey has included Ports of Jersey Limited in the Financial Report and Accounts as a consolidated subsidiary company in the same way as Andium Homes Limited, who were incorporated in 2014, and the States of Jersey Development Company.

The contribution of all Departments is essential if the planned reforms to the public sector are to be delivered, and I would like to extend my thanks and appreciation to all throughout the organisation who have helped shape and implement those plans, whilst continuing to deliver services to the community. On a personal level I would like to express my gratitude to all the staff across the Treasury, finance function and the Taxes Office for their hard work and support.

Richard Bell
Treasurer of the States
Date: 31st May 2016

3 Statement of Responsibilities for the Financial Report and Accounts

The Treasurer of the States is required by the Public Finances (Jersey) Law 2005 to prepare the annual Accounts and financial statements of the States of Jersey. The annual financial statements must be prepared in accordance with Generally Accepted Accounting Practice, and accounting standards prescribed by an Order issued by the Treasurer of the States with the approval of the Minister for Treasury and Resources.

Under the Social Security (Jersey) Law 1974 and Health Insurance (Jersey) Law 1967, accounts of the relevant Funds are be prepared in such form, manner and at such times as the Minister for Social Security may determine. The Minister considers the consolidation of the Funds into the States of Jersey Accounts sufficient for statutory reporting requirements, and so for 2015 will prepare an Annual Performance Report for the Funds that reports upon the performance of the Funds with reference to the relevant statements in these Accounts, rather than a separate set of Accounts.

Under the Public Finances (Jersey) Law 2005, Accounting Officers are responsible for ensuring that the body keeps proper accounts of all its financial transactions and proper records of those accounts, and that the records of the body are promptly provided when required by the Treasurer for the production of the annual financial statements. The statutory responsibilities of Accounting Officers are set out in full in the States of Jersey Governance Statement.

In preparing the accounts, detailed in the following pages, the Treasurer has:

- applied the going-concern principle to all entities included within the accounts;
- applied appropriate accounting policies in a consistent manner; and
- made reasonable and prudent judgements and estimates.

The Treasurer confirms that, so far as he is aware, there is no relevant audit information of which the States' auditors are unaware; and he has taken all steps that he ought to have taken as Treasurer to make himself aware of any relevant audit information and to establish that the States' auditors are aware of that information.

Richard Bell
Treasurer of the States
Date: 31st May 2016

4 Remuneration Report

4.1 Remuneration Policy

Remuneration policy for all States of Jersey employees is determined by the States Employment Board (SEB). The level of overall pay revisions are agreed by the States Assembly as part of the Medium Term Financial Plan, and any pay awards must be made within this envelope. On behalf of the SEB, the Employment Relations Section negotiates with the main pay group's Trade Unions and Associations. There are currently over 20 such groups. As part of these negotiations, the economic environment (on and off Island), States of Jersey budget affordability and the pay claims made from individual pay groups are considered.

4.2 Council of Ministers

As elected members of the States of Jersey, members of the Council of Ministers are entitled to remuneration in line with recommendations of the States Members' Remuneration Review Body. For 2015 States Members were each entitled to remuneration of £46,600, which includes a sum of £4,000 for expenses (2014: £46,600 with £4,000 expenses).

Although States members are treated as being self-employed for Social Security purposes the States also cover an equivalent amount to an employer's social security liability (up to 6.5% of the Social Security standard earnings limit) on behalf of the Members. This may not apply to all States Members, for example Members who are claiming a social security pension or those who chose to exercise the married woman's election may not have a social security liability.

4.3 Accounting Officers

Salaries and allowances

The table below gives details of the salaries and allowances of appointed Accounting Officers. No taxable benefits-in-kind were received by the Officers below during 2015.

	2015 Salary £'000	2014 Salary £'000
Chief Executive		
Mr J Richardson	205–210	205–210
Chief Officer – Economic Development		
Mr M King	140–145	135–140
Chief Officer – Education, Sport and Culture		
Mr J Donovan (from 1 Sep 2014)	130–135	40–45
Chief Officer – Department of the Environment		
Mr A Scate	125–130	125–130
Chief Officer – Health and Social Services		
Mrs J Garbutt	180–185	180–185
Chief Officer – Home Affairs		
Mr S Austin-Vautier (to 30 Apr 2015)	40–45	120–125
Full year equivalent salary	120–125	
M T Walker (from 1 May 2015)	90–95	
Full year equivalent salary	135–140	
Chief Officer – Social Security		
Mr I Burns (from 11 Aug 2014)	125–130	45–50
Chief Officer – States of Jersey Police		
Mr M Bowron	135–140	135–140
Chief Officer – Transport and Technical Services		
Mr J Rogers	135–140	135–140
Treasurer of the States		
Mr R Bell (2014 salary includes payments received as Chief Officer for Social Security)	150–155	135–140
Chief Officer – Bailiff's Chambers		
Mr D Filipponi	85–90	85–90
Practice Manager and Director of Administration – Law Officers' Department		
Mr A Le Sueur (from 1 Dec 2014)	85–90	5–10

	2015 Salary £'000	2014 Salary £'000
Judicial Greffier and Viscount		
Mr M Wilkins (to 30 Apr 2015)	55–60	145–150
Full year equivalent salary	145–150	
Judicial Greffier		
Mr P Matthews (from 1 May 2015)	80–85	
Full year equivalent salary	115–120	
Viscount		
Mrs E Millar (from 6 Jul 2015)	55–60	
Full year equivalent salary	110–115	
Chief Probation Officer		
Mr B Heath	95–100	95–100
Greffier of the States		
Mr M De La Haye (to 18 Dec 2015)	110–115	115–120
Full year equivalent salary	115–120	
Dr M Egan (from 19 Dec 2015)	0–5	
Full year equivalent salary	105–110	
Group Chief Executive Officer – Airport and Harbours		
Mr D Bannister (to 30 Sep 2015)	100–105	135–140
Full year equivalent salary	135–140	

Pension benefits

	Total Accrued Pension at Retirement as at 31 Dec 2015[1] £'000		CETV at 31 Dec 2015 (or date of Cessation)[2] £'000	CETV at 31 Dec 2014 (or date of Appointment)[2] £'000	Real Increase or (Decrease) in CETV[3] £'000
Mr J Richardson	Pension *Increase of*	110–115 2.5–5	2,567	2,424	130
Mr M King	Pension *Increase of*	15–20 0–2.5	402	354	41
Mr J Donovan	Pension *Increase of*	0–5 0–2.5	48	18	23
Mr A Scate	Pension *Increase of*	40–45 30–32.5	520	121	393
Mrs J Garbutt	Pension *Increase of*	100–105 0–2.5	1,662	1,585	68
Mr S Austin-Vautier (to 30 Apr 2015)	Pension *Increase of*	– –	737	747	(12)
M T Walker (from 1 May 2015)	Pension *Increase of*	10–15 0–2.5	191	158	28
Mr I Burns	Pension *Increase of*	5–10 2.5–5	103	66	31
Mr M Bowron	Pension *Increase of*	10–15 0–2.5	268	209	52
Mr J Rogers	Pension *Increase of*	20–25 0–2.5	383	343	34
Mr R Bell	Pension *Increase of*	30–35 5–7.5	540	409	122
Mr D Filipponi	Pension *Increase of*	15–20 0–2.5	374	343	27
Mr A Le Sueur	Pension *Increase of*	10–15 2.5–5	228	146	78
Mr M Wilkins (to 30 Apr 2015)	Pension *Increase of*	– –	1,702	1,687	12
Mr P Matthews (from 1 May 2015)	Pension *Increase of*	70–75 20–22.5	1,692	1,566	121
Mrs E Millar (from 6 Jul 2015)	Pension *Increase of*	0–5 0–2.5	11	–	8
Mr B Heath	Pension *Increase of*	50–55 0–2.5	1,190	1,123	60
Mr M De La Haye (to 18 Dec 2015)	Pension *Increase of*	– –	1,313	1,238	68
Dr M Egan (from 19 Dec 2015)	Pension *Increase of*	0–5 0–2.5	1	1	–
Mr D Bannister (to 30 Sep 2015)	Pension *Increase of*	5–10 0–2.5	101	82	15

Notes

1. Members of PECRS can choose to exchange up to 25% of their pension for a lump sum upon retirement. For every £1 of annual pension given up members will receive a cash sum of £13.50. As each individual may choose to exchange a different proportion, individual lump sums are not shown. Members of the JTSF (that joined the scheme prior to 1 April 2007) receive an automatic lump sum on retirement and this is included in the table.

2. The Cash Equivalent Transfer Value (CETV) represents the value of rights accrued in the scheme, and is calculated based on a transfer to a private pension scheme. Transfer values payable from PECRS are subject to a market adjustment factor which is derived from the yield on government bonds. The general increases in transfer values shown above are due to an additional year of service increasing accrued benefits within the scheme. Comparative figures have been restated to use the same market factors as those applied in the 2014 calculation in order to allow proper comparison between the two figures.

3. This increase/(decrease) in CETV is shown after deducting contributions by the individual, including any transfers into the scheme. It therefore reflects the increase in CETV that is not paid for by the employee, representative of the benefit that they have received in the year relating to pensions. This may differ from the contribution made by the States (normally 13.6% of salary), but the States has no further liability under the scheme rules.

Compensation Payments

Compensation payments made to former senior managers are disclosed in the accounts, unless publication would:

- Prejudice the rights, freedom of legitimate interests of the individual; or
- Cause or be likely to cause substantial damage or substantial distress to the individual or another, and that damage or distress would be unwarranted.

4.4 Segmental Analysis of Staff

The tables below give details of the numbers of staff whose total remuneration exceeds £100,000, split by department and then by pay group. Remuneration includes salaries and wages, benefits and pension contributions paid by the States.

There were 107 individuals (2014: 108) who received basic salary payments in excess of £100,000 (this may include more than one role).

There were 13 individuals included in the table below only as a result of receiving voluntary redundancy payments increasing their total remuneration above £100,000.

SEGMENTAL ANALYSIS OF REMUNERATION IN EXCESS OF £100,000 BY DEPARTMENT

Remuneration	Chief Minister's Department	Economic Development Department	Education, Sport and Culture Department	Department of the Environment	Health and Social Services Department	Home Affairs Department	Social Security Department	Transport and Technical Services Department	Treasury and Resources Department	Non-Ministerial Bodies	Ports of Jersey (January – September pre-incorporation)	2015 Total	2014 Total
100,000 – 109,999	5	1	7	2	11	7	1	1	4	4		**43**	61
110,000 – 119,999	3		1	1	14	4		1	4	4	1	**33**	29
120,000 – 129,999	9	1	2		9	2				1		**24**	30
130,000 – 139,999	3		1		27			1		8	1	**41**	31
140,000 – 149,999	2		1	1	18		1			4		**27**	24
150,000 – 159,999			1		16	2		1	2	1		**23**	19
160,000 – 169,999		2			5					2		**9**	12
170,000 – 179,999			1		2				1			**4**	8
180,000 – 189,999					5						1	**6**	3
190,000 – 199,999					2					1		**3**	5
200,000 – 209,999					2							**2**	2
210,000 – 219,999	1					1						**2**	1
220,000 – 229,999	1				1							**2**	–
230,000 – 239,999	1											**1**	2
240,000 – 249,999												**–**	1
250,000 – 259,999										1		**1**	1
260,000 – 269,999												**–**	–
270,000 – 279,999												**–**	–
280,000 – 289,999	1											**1**	2
290,000 – 299,999												**–**	–
300,000 – 309,999												**–**	–
310,000 – 319,999												**–**	1
320,000 – 329,999												**–**	–
330,000 – 339,999										1		**1**	–
Total	**26**	**4**	**14**	**4**	**112**	**16**	**2**	**4**	**11**	**27**	**3**	**223**	**232**

Less individuals who received voluntary redundancy payments that make total remuneration greater than £100,000	13
Total	**210**

SEGMENTAL ANALYSIS OF REMUNERATION IN EXCESS OF £100,000 BY PAY GROUP

Remuneration	Accounting Officers	Civil Service A Grades	Civil Servants	Heads amd Deputy Heads, Highlands Managers	Doctors and Consultants	Chief Officers, Judicial Greffe, Crown Appointments, Law Draftsmen and Other Personal Contract Holders	Law Officers	Nurses and Midwives	Police Officers	2015 Total	2014 Total
100,000 – 109,999	1	10	13	4	6	2	2		5	**43**	61
110,000 – 119,999	1	7	4	1	13	4	1		2	**33**	29
120,000 – 129,999		1	3	2	9	8	1			**24**	30
130,000 – 139,999	2	2	4	1	24	3	4	1		**41**	31
140,000 – 149,999	2	3		1	17	1	3			**27**	24
150,000 – 159,999	4	2	1		15	1				**23**	19
160,000 – 169,999	1		1		5		2			**9**	12
170,000 – 179,999	1			1	2					**4**	8
180,000 – 189,999			2		4					**6**	3
190,000 – 199,999					2	1				**3**	5
200,000 – 209,999	1				1					**2**	2
210,000 – 219,999		1					1			**2**	1
220,000 – 229,999		1			1					**2**	–
230,000 – 239,999	1									**1**	2
240,000 – 249,999										**–**	1
250,000 – 259,999						1				**1**	1
260,000 – 269,999										**–**	–
270,000 – 279,999										**–**	–
280,000 – 289,999		1								**1**	2
290,000 – 299,999										**–**	–
300,000 – 309,999										**–**	–
310,000 – 319,999										**–**	1
320,000 – 329,999										**–**	–
330,000 – 339,999						1				**1**	–
Total	**14**	**28**	**28**	**10**	**99**	**22**	**14**	**1**	**7**	**223**	**232**

Less individuals who received redundancy payments that make total remuneration greater than £100,000	13
Total	**210**

4.5 Median Remuneration

The Median Remuneration is a form of average, representing the individual that half of the employees earned more than, and half earned less than. The calculation below is based on the full time equivalent annual salary for individuals holding contracts (permanent or fixed term) at the end of the relevant year. Individuals who do no have a fixed working pattern (Zero Hour Contracts) are not included.

	2015	2014
Highest Paid Employee Band	330,000 – 339,999	310,000 – 319,999
Median Remuneration	44,268	43,274
Remuneration Ratio	7.6	7.2

4.6 Gender Diversity of States of Jersey

	2015	
	Male	Female
Accounting Officers	95.5%	4.5%
Senior Manager	71.1%	28.9%
Remaining Workforce	37.6%	62.4%
All Workforce	**37.9%**	**62.1%**

Signed:

Richard Bell
Treasurer of the States
Date: 31st May 2016

5 Governance Statement

5.1 Scope of Responsibility

Under the Public Finances (Jersey) Law 2005 (hereafter referred to as "the Law"), an Accounting Officer has been designated for all States funded bodies. The Accounting Officer usually holds the post of Chief Officer of a department. The Law permits the appointment of an additional Accounting Officer for a States funded body.

Each Accounting Officer is personally accountable for the proper financial management of the resources under their control in accordance with the Law, any sub-ordinate legislation and Financial Directions. Accounting Officers must ensure that public money is safeguarded and properly accounted for, and used only for those purposes approved by the States and economically, efficiently and effectively.

The same financial responsibility extends to the financial resources of the special funds for which an Accounting Officer is also responsible.

In discharging their financial responsibilities, Accounting Officers must ensure that robust governance arrangements are in place, which include a sound system of internal control and arrangements for the management of risk.

Each Accounting Officer has formally recorded in a Governance Statement the basis upon which they believe their duties have been properly discharged during 2015 for their area(s) of responsibility.

The States of Jersey Governance Statement summarises the high level arrangements, and considers controls, risks and mitigation measures from a States wide perspective.

5.2 The Purpose of the Governance Framework

The Framework of Corporate Governance comprises the systems, policies and procedures through which the States of Jersey as a whole organisation is directed and controlled. Furthermore, the Governance Framework includes routes through which the organisation engages with and is accountable to local people. This Framework enables the organisation to monitor the delivery of its strategic objectives and reflect on whether services have been provided in a cost effective way.

The system of internal control is a significant part of that Framework and is designed to manage risk to a reasonable level. The system is intended to support the achievement of departmental and strategic objectives; it cannot eliminate all risk of failure and therefore only provides a reasonable and not absolute assurance of effectiveness.

5.3 Governance Framework and Structures

The key elements of the Governance Framework within the States of Jersey are explained below.

The States of Jersey Vision and Purpose

Strategic planning

The States of Jersey strategic and financial planning process is used to set priorities and objectives and then to allocate resources.

Each new Council of Ministers (CoM) must produce 'a statement of its common strategic policy' – generally referred to as the Strategic Plan – within 4 months of taking office so that it can be approved by the States.

The purpose of the Strategic Plan is to identify the Council's key priorities for their term of office, set strategic direction for detailed delivery plans and frame the development of the Medium Term Financial Plan. The 2015–18 Strategic Plan is available on the States Website: http://www.gov.je/Government/PlanningPerformance/StrategicPlanning/Pages/StrategicPlan.aspx

The current Strategic Plan highlights five priorities where the Council believe significant change will make the biggest difference to Jersey's future – sustainable public finances, health, education, economic growth and the regeneration of our town, St Helier. It also shows how these priorities address two of Jersey's other key challenges; social inclusion and population. The Plan also commits to increase the pace of public sector reform in order to achieve savings and deliver shared services that are fundamentally better – in terms of results, value for money and efficiency.

During 2016, the Council aims to create a new long-term vision for the Island that provides clarity about Jersey's future direction and ensures that all aspects of our social, economic and environmental wellbeing are addressed in a coherent way. This will be developed using a new planning framework, supported by an integrated performance management system and processes designed to promote convergence and alignment of delivery strategies. The Island Vision will provide the context for 4-year Strategic Policy documents (equivalent to the current Strategic Plan) as required by law and progress will be reviewed through Strategic Assessments produced in line with the election cycle.

Financial planning

The financial implications of implementing the Strategic Plan are covered more fully in the States of Jersey Medium Term Financial Plan as amended (MTFP) and Budget Statement.

The States approved changes to the Law in July 2011 to introduce longer term financial planning and the approval of a three-year MTFP from 2013.

Under the new process, a MTFP is approved in the place of an Annual Business Plan. The MTFP extends the States budgeting period from one to 3–4 years, and fits with the existing political cycle, where each CoM is elected for a 3–4 year term.

The key changes are:

- States income targets for the period.
- States overall spending limits will be set for the length of a CoM term of office.
- Minimum department spending limits will be set for the same time period.
- There will be central allocations created for growth and contingency spend.

The CoM presented the next MTFP to the States in 2015 for the period 2016–2019. The current MTFP 2016 to 2019 'part 1' (as amended):

- supports the priorities agreed in the States of Jersey Strategic Plan 2015 to 2018;
- outlines the total annual income and spending from 2016 to 2019; and
- has detailed department spending for 2016.

The MTFP 'part 1' was debated and approved by the States Assembly on 5–8 October 2015.

The MTFP 'addition' will propose detailed departmental spending for 2017 to 2019 and will be published by the end of June 2016.

The MTFP encourages longer term planning horizons, gives greater certainty and flexibility for departments to plan ahead and delivers improved value for money within an overall States spending limit.

An allocation for growth allows the States to be responsive to changing needs without exceeding the agreed limits, and Allocations of Contingency funding provide confidence that unforeseen events can be managed without additional unplanned calls on the public purse.

The Annual Budget continues to propose tax and funding measures as well as the detailed allocations to heads of expenditure from the amounts set aside for growth and capital expenditure. All the Annual Budget expenditure allocations are variations within overall limits.

The MTFP 2013–2015 authorised departmental Near-Cash Net Revenue Expenditure of £687,147,000 for 2015. During the financial year, budgets can be varied in certain circumstances and these revised amounts will be used for monitoring purposes:

- Carry forward of unspent revenue expenditure budgets voted in the previous year, approved by the Minister for Treasury and Resources.
- Amounts allocated to departments from the Allocations of Contingency.
- Amounts transferred between capital and revenue budgets, approved by the Minister for Treasury and Resources.
- Service transfers across departments, although the overall total will not vary in these instances.

Each department has established its own management structure and processes to set key objectives. These objectives, which are currently for three years and are linked to the States of Jersey strategic priorities, are set out in the Annex to the MTFP 2013–15 and are used to manage performance. A structured process is in place to measure progress against these objectives and the States Strategic Plan, and this is used to inform the planning and decision making processes.

The Treasury has developed Long Term Capital Planning (LTCP), in conjunction with all States departments, identifying the priorities for capital allocations over the next 25 years, on which the detailed three-year programme for the MTFP was based. Extending planning horizons is a recurrent theme within the States with work underway with Accounting Officers on sustainable long term planning and the development of Long Term Revenue Planning (LTRP) to cover a period of at least 2 MTFPs.

The CoM is also developed a Fiscal Framework to sit alongside the Finance Law and Financial Directions. This will review:

- The use of Fiscal Rules.
- The role of the Fiscal Policy Panel.
- The Medium and Long Term budgetary framework including the Strategic Reserve, Stabilisation Fund and other funds of the States.
- Ways to improve the budgetary framework in relation to information provided within the MTFP and annual Budgets.

Performance management

Performance reports that cover both revenue and capital are taken to the CoM on a quarterly basis. The increase in information provided has been well received by the CoM and allows Ministers an opportunity to ask questions that they may have around key service pressures. Information is also presented to the Corporate Management Board (CMB) on a monthly basis. In addition to this, a report is taken to the States Assembly every 6 months to inform them of any budget movements approved in accordance with the Law and Ministerial Scheme of Delegation.

There continues to be considerable effort made to continue to improve financial management across the States of Jersey by means of training and development offered to both finance staff and budget holders, including Managing Finance workshops for primary and lower level budget holders. Budget holders have access to the financial reporting system which provides them with reports on actuals, budgets and variances in order for them to effectively manage their area(s). Regular meetings are held between departments and Treasury which allows departmental financial positions to be understood in-year and gives the Treasury the overall position for the States which is reported to CMB and CoM.

Roles and Responsibilities

The States Assembly

The States Assembly is the highest decision-making authority of the Island and makes decisions about new laws or major policy changes. The principal functions of the States Assembly are:

a) To pass laws (which require the sanction of Her Majesty in Council) and regulations on all domestic matters.

b) To approve estimates of public expenditure (revenue and capital) and income.

c) To appoint a CoM charged with responsibility for the different aspects of public business.

d) To appoint a Public Accounts Committee (PAC) and Scrutiny Panels to hold the Executive to account.

e) To determine policy on propositions presented by Ministers, Scrutiny Panels and other bodies or individual members, and executive matters such as compulsory purchases.

f) To debate and decide issues of public importance.

g) To consider petitions for the redress of grievances.

h) To represent the people of Jersey.

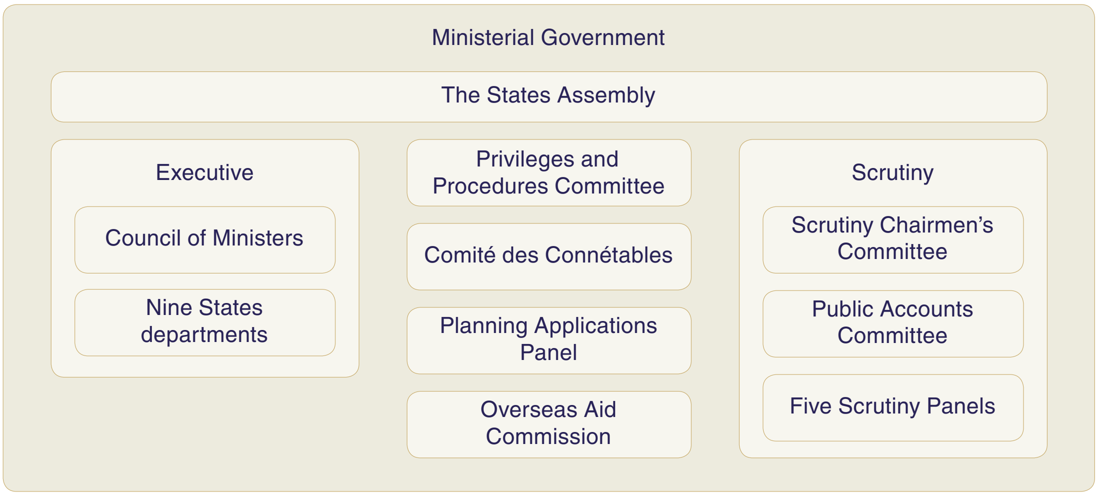
Thus the States Assembly exhibits all the usual characteristics of a parliament – legislature and debating chamber – while at the same time taking executive decisions on a wide range of issues.

The constitution of the States, and all general provisions governing procedure, are set out in the States of Jersey Law 2005, and in the Standing Orders of the States of Jersey made under that law. The present composition of the States, as determined by the States of Jersey Law 2005, is shown in Table 15.

Only the Elected Members have voting rights.

TABLE 15 – COMPOSITION OF THE STATES

Elected Members	• 8 Senators • 12 Connétables • 29 Deputies
Non-Elected Members	• The Bailiff • The Lieutenant-Governor • The Dean of Jersey • The Attorney General • The Solicitor General
Officers	• The Greffier of the States, who is the clerk of the States • The Deputy Greffier of the States, who is the clerk-assistant of the States • The Viscount, who is the executive officer of the States



Ministerial Government

Jersey's government comprises the Chief Minister and ten Ministers, who as the CoM are collectively responsible.

The States Assembly elects the government by way of appointing the Chief Minister, and voting on the Chief Ministers nominations for Ministers.

In addition, Ministers, with the consent of the Chief Minister, may appoint their own Assistant Ministers, ensuring that the combined total of members appointed as Ministers and Assistant Ministers does not exceed 21, and therefore remains in the minority in the States Assembly.

The Assembly comprises 49 States Members with voting rights, including Senators who hold an Island-wide mandate, Deputies from individual parishes, and a Constable for each Parish.

The Assembly also appoints Scrutiny Panels to scrutinise the work of the CoM, the PAC, and the Privileges and Procedures Committee to govern the functioning of the Assembly.

The Assembly's presiding officer is the Bailiff, and in his absence, sequentially, the Deputy Bailiff, the Greffier of the States, and the Deputy Greffier of the States.

The Council of Ministers

Each Minister is legally and politically accountable for the discharge of their functions, which are outlined at the outset of each CoM. However, the CoM is bound by collective responsibility, save where explicitly set aside by the Chief Minister.

Collective responsibility requires that Ministers should be able to express views frankly and freely in private, while maintaining a united position when decisions have been reached. In furtherance of this, all matters that affect more than one Minister, or more generally are considered of sufficient importance, are brought to the CoM for consideration. Ministers are then accountable to the States Assembly, and the public of the Island.

The CoM is, in particular, responsible for producing Jersey's Strategic Plan, MTFP, and a Common External Policy. The CoM meets approximately fortnightly and is bound by the Code of Conduct and Practice for Ministers and Assistant Ministers (2015).

The exercising of ministerial functions is recorded either by way of a minute of the Council of Ministers, or by individual Ministerial Decisions (in accordance with the Guidelines for Recording Ministerial Decisions, which is appended to the Code of Conduct); or these powers are delegated to officers (in which case, that delegation is presented to the Assembly for information). This ensures a proper record of decisions taken.

The CoM is supported by the Chief Executive, who is the head of the public service, and the Chief Minister's Office, and each Minister is supported by a Ministerial Department, each of which has a Chief Officer.

In 2015, there were 10 Ministerial Departments, reducing to 9 on the 1 January, 2016. This means that in some cases, a number of Ministers are supported by a single Department, to enhance effectiveness and efficiency, including the co-ordination of ministerial functions.
In addition, there are a number of Non-Ministerial Departments discharging functions in support of the Assembly.

The 11 Ministers during 2015 are shown in Table 16.

TABLE 16 – MINISTERS DURING 2015

Department	Minister	Appointment Date
Chief Minister's	Senator Ian Gorst	14/11/2011
Economic Development	Senator Lyndon Farnham	06/11/2014
Education, Sport and Culture	Deputy Rod Bryans	07/11/2014
Department of the Environment	Deputy Steve Luce	07/11/2014
External Relations	Senator Sir Philip Bailhache	24/09/2013 *Reappointed* 06/11/2015
Home Affairs	Deputy Kristina Moore	06/11/2014
Health and Social Services	Senator Andrew Green	06/11/2014
Housing[1]	Deputy Anne Pryke	07/11/2014
Social Security	Deputy Susie Pinel	07/11/2014
Transport and Technical Services	Deputy Eddie Noel	06/11/2014
Treasury and Resources	Senator Alan Maclean	06/11/2014

Notes

1. From 1 July 2014 Housing is no longer classified as a department of the States of Jersey.

The Corporate Management Board and States Funded Bodies

The Chief Officers of each Ministerial and non-Ministerial Department are also appointed as Accounting Officers, accountable for the efficiency and effectiveness of expenditure although, in some cases, a Department may have more than one Accounting Officer. In addition, each States Fund also has an Accounting Officer.

The Chief Executive and Chief Officers collectively form the CMB, which provides corporate leadership to deliver services efficiently and effectively as directed by the CoM, and in line with the polices and strategies of the CoM. The CMB meets approximately fortnightly.

In 2013, the principal Law was amended to extend the Accounting Officer role by empowering the Minister for Treasury and Resources to appoint an Accounting Officer who will be personally accountable for the proper financial management for all non-departmental States Income and Special Funds.

The role of CMB is to provide corporate leadership in order to deliver policies and services efficiently and effectively as decided by the States, the CoM and Ministers. The CMB meets fortnightly.

Accounting Officers

The following individuals held the post of Accounting Officer for all or part of 2015:

States Body/Fund	Position	Accounting Officer	Appointment Date
Ministerial Departments			
Chief Minister's Department (includes Legislation Advisory Board, Human Resources and Information Services, but excludes International Affairs)	Chief Executive	John Richardson	18/05/2011
Chief Minister's Department (International Affairs)	Director International Affairs	Tom Walker	20/05/2011 to 30/04/2015
		David Walwyn	01/05/2015
Economic Development (excludes Financial Services Industry)	Chief Officer	Mike King	01/01/2006
Economic Development (Financial Services Industry)	Director of Financial Services	Joe Moynihan	01/01/2013
Education, Sport and Culture	Chief Officer	Justin Donovan	01/09/2014
Department of the Environment	Chief Officer	Andrew Scate	26/08/2008
Health and Social Services	Chief Officer	Julie Garbutt	01/06/2010
Home Affairs (excluding States of Jersey Police)	Chief Officer	Steven Austin-Vautier	01/01/2006 to 30/04/2015
		Tom Walker	01/05/2015
States of Jersey Police	Chief Officer	Michael Bowron	01/01/2012
Social Security	Chief Officer	Ian Burns	01/04/2015
	Interim Chief Officer		11/08/2014 to 31/03/2015
Transport and Technical Services	Chief Officer	John Rogers	17/04/2009
Treasury Department (including Treasury, Taxes Office, Property Holdings and Procurement)	Treasurer of the States	Richard Bell	15/01/2015
	Interim Treasurer of the States		11/08/2014 to 14/01/2015

States Body/Fund	Position	Accounting Officer	Appointment Date
Non Ministerial Departments			
Bailiff's Chambers	Chief Officer	David Filipponi	02/10/2006
Law Officers' Department	Practice Manager and Director of Administration	Alec Le Sueur	01/12/2014
Judicial Greffe	Judicial Greffier	Michael Wilkins Paul Mathews	01/01/2006 to 30/04/2015 01/05/2015
Viscount's Department	Viscount	Michael Wilkins Elaine Miller	01/01/2006 to 30/04/2015 06/07/2015
Official Analyst	Official Analyst	Nick Hubbard	01/01/2006
Office of the Lieutenant Governor	Secretary and Aide de Camp	Justin Oldridge	17/10/2014
Data Protection Commission	Data Protection Registrar	Emma Martins	01/01/2006
Probation and After-Care Service	Chief Probation Officer	Brian Heath	01/01/2006
Jersey Overseas Aid Commission[2]			
States Assembly (including States Greffe, Scrutiny panels and Public Accounts Committee)	Greffier of the States	Michael De La Haye Dr Mark Egan	01/01/2006 to 18/12/2015 19/12/2015
Trading Operations			
Jersey Airport[1] **Ports incorporated from 01/10/2015**	Group Chief Executive Officer – Airport and Harbours	Douglas Bannister	01/07/2011 to 30/09/2015
Jersey Harbours[1] **Ports incorporated from 01/10/2015**	Group Chief Executive Officer – Airport and Harbours	Douglas Bannister	01/07/2011 to 30/09/2015
Jersey Car Parking	Chief Officer – TTS	John Rogers	17/04/2009
Jersey Fleet Management	Chief Officer – TTS	John Rogers	17/04/2009

States Body/Fund	Position	Accounting Officer	Appointment Date
Special Funds			
Strategic Reserve	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Stabilisation Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Jersey Currency Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Insurance Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Agricultural Loans Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Dwelling House Loan Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Assisted House Purchase Scheme	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 15/01/2015
Housing Development Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
99 Year Leaseholders Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Criminal Offences Confiscation Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Civil Asset Recovery Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Social Security (Reserve) Fund	Treasurer of the States Interim Treasurer of the States	Richard Bell	15/01/2015 11/08/2014 to 14/01/2015
Social Security Fund	Chief Officer – SSD	Ian Burns	11/08/2014
Health Insurance Fund	Chief Officer – SSD	Ian Burns	11/08/2014
Long Term Care Fund	Chief Officer – SSD	Ian Burns	11/08/2014
Tourism Development Fund	Chief Officer – EDD	Mike King	01/01/2006
Channel Islands Lottery (Jersey) Fund	Chief Officer – EDD	Mike King	01/01/2006
Jersey Innovation Fund	Chief Officer – EDD	Mike King	01/05/2013

Notes

1. Jersey Airport and Jersey Harbours were merged into an incorporated body Ports of Jersey Limited on 1 October 2015 which is wholly owned by the States of Jersey.
2. Legal advice is currently being sought to establish the exceptions to the Accounting Officers responsibilities as set in the Public Finances (Jersey) Law 2005 and no accounting officer has been appointed.
3. Karen McConnell was re-appointed as Comptroller and Auditor General with effect from 1 May 2015 and until 31 December 2019 (P.99/2014). The C&AG is accountable for the budget and spending decisions of the Jersey Audit Office.

Jersey's Fiscal Policy Panel Annual Report

The Fiscal Policy Panel (FPP) makes recommendations in its Annual Report to the Minister for Treasury and Resources and the States on Jersey's fiscal policy and on additions to or subtractions from the Stabilisation Fund and the Strategic Reserve. The FPP provides an important independent safeguard for the planning of States finances.

Standards of Conduct

Legal Framework

The following laws deal with the procedures for government, public finances, and the employment of States Employees. They collectively and substantially govern the operation of the States of Jersey.

- The States of Jersey Law 2005, and underlying Standing Orders, set out the constitution, composition, powers and procedures of the States Assembly and its Committees and Panels, and of the CoM. The purpose of the Law, noting this, is to recognise Jersey's autonomous capacity in domestic affairs, the increasing need for Jersey to participate in international affairs, and the need to enhance and promote democratic, accountable and responsible government which implements fair, effective and efficient policies in accordance with international principles. The Law also includes the requirement to issue codes of conduct for States Members, Ministers, and Panels and Committees.
- The Public Finances (Jersey) Law 2005 provides for the administration of public finances, including financial planning and budgeting, establishing the medium term financial plans and budget, taxation plans, trading operations, the creation of funds, administration, including the duties of the Treasurer and Chief Internal Auditor, and of employees, and the establishment of a FPP.
- The Employment of States of Jersey Employees (Jersey) Law, 2005, sets out matters relating to the employment of States Employees, including the establishment of the States of Jersey Employment Board as the employer, its powers, including as to employment policies, terms and conditions, recruitment procedures, and generally, to ensure the efficiency and effectiveness of the public service and the health, safety and well-being of States' employees. It also establishes the Appointments Commission to oversee the appointment of persons to significant public positions and to determine appointment procedures, and the position of Chief Executive of the States of Jersey.

Public Finances Jersey Law 2005

During 2015 there were the following amendments to the Law:

- Public Finances (Amendment of Law No. 2) (Jersey) Regulations 2015 which stated:
- The draft MTFP for the financial years 2016 to 2019 need not seek the approval of the States to all or any of the amounts described in Article 8(2) (c) and (d) for the second or any subsequent financial year to which the draft plan relates.
- Public Finances (Amendment of Law No. 3) (Jersey) Regulations 2015, which required the Minister to consult with the Chief Minister before approving certain transfers and withdrawals to and from Non-Ministerial States-funded bodies. States-funded bodies are defined as Bailiff's Department, Office of the Lieutenant Governor, Office of the Dean of Jersey, Comptroller and Auditor General, Official Analyst, States Assembly and, Viscount's Department, Judicial Greffe, Law Officers Department, Probation and After-Care Service and Data Protection Commissioner.

Financial Directions

Financial Directions help ensure the proper stewardship and administration of the Law and of the public finances of Jersey. Accounting Officers are required to comply with the Financial Directions and other key controls, including departmental risk management measures, and resource management policies issued by Corporate Human Resources and, where appropriate, the Information Services Department.

Following recommendations from the PAC and C&AG, a review of the existing Financial Directions was carried out during 2015 and a collaborative approach has been taken to re-writing the Financial Directions together with an over-arching framework. The Chief Internal Auditor has been consulted on the re-issue of all Financial Directions and regular meetings continue to ensure that relevant points or matters arising from Internal Audit reviews are addressed. The new Financial Directions are currently in draft form and will be issued during 2016.

Codes of Conduct

The Code of Conduct for States of Jersey employees also exists to provide guidance as to how employees should behave in their day-to-day work.

Register of Interests

Under the Standing Orders of the States of Jersey, States Members are required to declare their interests in the Register of Members' Interests at the States Greffe. Details of significant interests of members of the CoM, and their Assistant Ministers, are therefore available publicly as part of this register. The Register of Interests is used to identify parties related to the States of Jersey through senior management for the purpose of preparing disclosure of related party transactions in the States of Jersey Financial Report and Accounts (FR&A).

The Chief Executive Officer is required to maintain a Register of Accounting Officers' Interests in which all interests within or outside of Jersey should be declared. The Register of Interests is monitored as part of the year-end process to identify significant interests of senior management and related party transactions.

Gifts and Hospitality Register

All departments are required to maintain a Gifts and Hospitality Register in which entries are made of gifts and hospitality received by departmental officers that have been approved in line with the Department's Scheme of Delegation. The Registers are subject to review by Internal Audit and a review of Registers forms part of the 2016 Internal Audit Plan.

Internal Audit Service

Public Sector Internal Audit Standards (PSIAS) were issued by HM Treasury from 1 April 2013. The PSIAS provide guidance and a benchmark against which the quality of Internal Audit in local government is assessed. The PSIAS are based on the mandatory elements of the Institute of Internal Auditors (IIA) and International Professional Practices Framework (IPPF). As required under the standards, the Internal Audit function has an Internal Audit Quality Assurance Improvement Programme (QAIP). The QAIP provides a stepped timetable to drive towards compliance with the PSIAS and is currently being independently assessed. The objective is for the function to be compliant with the standards and the function will continue to deliver on the QAIP in 2016 in driving towards compliance.

Scrutiny and Risk Management

Audit Committee

The Audit Committee is an independent, stand alone body that provides oversight, advice, support and constructive challenge in order to help Accounting Officers to discharge their responsibilities for monitoring and reviewing governance, risk and control processes within their individual area(s) of responsibility. The Audit Committee also provides independent oversight of the States of Jersey Internal Audit Service.

For 2015 membership of the Audit Committee comprised an independent Chairman, 2 other independent members, and a representative from the CMB. From 1 January 2016 membership was changed to comprise the Chairman and 4 other independent members. A minimum of 2 independent members need to be present for a meeting to be deemed quorate.

The membership of the Committee throughout 2015 comprised

Name	Position	Date of appointment
Alex Ohlsson	*Chairman Independent Member*	17 March 2009
Daragh McDermott	*Independent Member*	28 November 2011
Philip Taylor	*Independent Member*	23 January 2012
Michael De la Haye	*Representative from CMB*	20 April 2009 retired 18 December 2015
Steven Austin-Vautier	*Independent Member*	14 December 2015
Ian Wright	*Independent Member*	14 December 2015

In accordance with the Audit Committee terms of reference, members are initially appointed for a period of 4 years and may be re-appointed for a further 4 years.

The Chief Executive Officer, the Treasurer of the States, the Chief Internal Auditor and the Partner (Outsourced Internal Audit Team) are required to attend each meeting. External audit and the Comptroller and Auditor General are given an open invitation to attend each meeting.

The cycle of the work programme of the Audit Committee is timed so that the last Committee meeting of the year corresponds with the signing of the States of Jersey annual Financial Report and Accounts and the issue of an opinion by the external auditors in May. The Committee prepares an annual report to 30 June each year.

The key four roles of the Audit Committee are to;

- Consider and discuss the International Standard on Auditing (ISA) 260 Report and matters relating to the annual Financial Report and Accounts and provide advice to the minister for Treasury and Resources as requested.
- Receive and comment on the Internal Audit Plan, monitor performance against the Plan and consider the findings of Internal Audit work including management responses to the findings and recommendations.
- Review and consider the States of Jersey Governance Statement, including the robustness of assurance processes that underpin its preparation and the principles and elements of the governance framework on which it is based.
- Review and challenge the States of Jersey risk management framework and key corporate risks, to gain assurance that the policies and procedures for the management of key risks are embedded across the States.

The Audit Committee met six times in 2015 and Committee activity addressed the key roles above. Specific agenda items included:

- The States of Jersey Financial Report and Accounts and the external audit plan.
- The States of Jersey Internal Audit Service the outcome of audits and charter.
- Internal financial controls.
- Whistleblowing and anti-fraud arrangements.
- Anti-money laundering.
- States of Jersey corporate risk management framework.
- Appointment of Baker Tilly to undertake an independent assurance review of the Internal Audit Function and consideration of their report.
- Regularity Report to be included in 2016 Financial Statements.
- Grant-making and significant capital projects.

Internal Audit

The Internal Audit function adds value through the provision of an independent, objective assurance and advisory service to assist management in improving the organisation's business performance and to give assurance to the CMB that the States of Jersey's financial and operational controls designed to manage the organisation's risks and achieve the organisation's objectives are operating in an efficient, effective and ethical manner.

The States of Jersey Internal Audit service is provided by means of a co-sourced service, led by the Chief Internal Auditor. The internal resource consists of the Chief Internal Auditor, a Head of Projects, an Internal Audit and Risk Contractor, a Capital Expenditure Manager, 3 Senior Internal Auditors and an Administrator. The services provided by the external internal audit services provider, BDO, remain key to the successful delivery of an effective and efficient Internal Audit function.

Internal audit activity encompasses the review of key financial and non-financial policies and operations in deriving the annual Internal Audit Plan, which uses a risk-based methodology. In forming the Internal Audit Plan, the Chief Internal Auditor assesses programmes and activities of the States of Jersey, together with associated entities as provided for in relevant business agreements, memoranda of understanding or contracts. An assessment is then made on key cyclical audits and other reviews to be done over the period on a risk-based approach. The 2016 Internal Audit Plan was presented to the Audit Committee in December 2015 for scrutiny prior to approval by the Treasurer and CEO in accordance with the Public Finances (Jersey) Law 2005. Internal Audit continues to present a quarterly progress report to the Audit Committee, the Treasurer and the Chief Executive.

Scrutiny

The Scrutiny function is an integral part of the States system and ensures democratic accountability and rigorous questioning of proposals at an early stage. In short, the Executive makes decisions about and on behalf of Jersey. Scrutiny works to ensure that the decisions taken are the best of the possible options.

Scrutiny is made up of the following elements:

- **The Chairmen's Committee** – co-ordinates Scrutiny and ensures that it is effective and well run. It maintains regular contact with the CoM and acts as the link between Scrutiny and the Executive. The Committee is formed by the Chairmen of the Scrutiny Panels and the PAC Chairman.
- **The Public Accounts Committee** – reviews all public expenditure. The role of PAC is to consider reports prepared by the C&AG, to assess whether public funds have been applied for the purposes intended by the

States and to assess whether extravagance and waste are being eradicated and sound financial practices applied throughout the administration of the States. PAC liaise with the C&AG in order to do so. Membership includes non-States Members.

- **Five Scrutiny Panels** – are able to scrutinise new laws, existing and proposed new policies, international agreements that might be extended to Jersey and the MTFP and Budget. Each Scrutiny Panel is free to choose which issues it works on and may also accept suggestions from the public.

The remits of the 5 Scrutiny Panels are shown in Table 17.

The PAC and the 5 Scrutiny Panels have extensive powers to require witnesses to give evidence or to supply relevant documents. These powers ensure that Scrutiny can operate effectively.

TABLE 17 – REMIT OF THE SCRUNITY PANELS

Panel	Remit – looks at:
Corporate Services	Corporate services, corporate policies, external relations and property holdings.
Environment	Planning and Environment and Transport and Technical Services, including waste public transport and infrastructure.
Economic Affairs	Economic affairs and development.
Education and Home Affairs	Education, Sport and Culture including the Youth Service, and Home Affairs which includes Fire and Police services, Customs and Immigration and Registrar.
Health, Social Security and Housing	Health and Social Services, Social Security and Housing.

The Comptroller and Auditor General (C&AG) – Jersey Audit Office

The Office of the C&AG is responsible for public audit in Jersey.

The Comptroller and Auditor General (Jersey) Law 2014 requires the C&AG to provide the States with independent assurance that the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the Law.

The responsibilities of the C&AG, fulfilled through the Jersey Audit Office (JAO), relate to the Accounts of the States of Jersey (on which an opinion is given) and wider aspects on the use of public funds. The C&AG has a duty to consider and report on:

- General corporate governance arrangements;
- Economy, efficiency and effectiveness in the way resources are used i.e. value for money; and
- Effectiveness of internal controls.

Under the leadership of the C&AG the JAO team provide specialist knowledge and experience where required. The team's programme is formalised in an Audit Plan, which provides both an annual audit timetable as well as an indicative audit plan for the next 3 years.

The JAO follows a 'Code of Audit Practice'. The Code is an important means by which stakeholders can secure a common understanding of what the C&AG and audit firms appointed by the C&AG will do, what they will not do, how they will operate and how they will interact.

External Auditor

The financial statements for the States of Jersey are audited by PricewaterhouseCoopers LLP, who are appointed by the C&AG under the Law. The report of the auditor on the accounts is included with the accounts.

The external auditors provide an opinion which states whether the accounts give a true and fair view, in accordance with the Public Finances (Jersey) Law 2005, of the state of the States of Jersey's affairs as at 31st December 2015, and whether the accounts have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted for the States of Jersey by the Jersey Financial Reporting Manual.

They also make recommendations for improvement based on their annual audit of the States of Jersey FR&A. The agreed actions are then reported in a communication to the Minister for Treasury and Resources. Progress against implementation is monitored and routinely reported to the Audit Committee. Any outstanding recommendations are picked up by the external auditors as part of the audit for the following year. Reference can be made to the Auditors' Report in the 2015 FR&A for further information on the responsibilities of the external auditors.

During 2015 The C&AG re-tendered for the appointment of External Auditors and PriceWaterhouseCoopers LLP were reappointed for 5 years with an option to extend for a further year.

Management of risk

Capacity to handle risk

The CMB Risk Sub-Group supports the Board in their responsibilities for monitoring and reviewing risk management, processes and good governance within the States funded bodies and advises them on the adequacy and effectiveness of risk management arrangements. The Sub-Group members include the Chief of Police, the Chief Fire Officer, the Treasurer (or delegate), the Deputy Chief of Police, the Senior Project Manager, the States of Jersey Business Continuity Officer/alternate the Senior Accountant – Insurance Management; in addition the Chief Internal Auditor attends all meetings. The Executive Support Officer is responsible for developing the administration of the risk management framework.

The States of Jersey approach to risk management is currently set out in the Financial Direction 2.7; however, following a series of recommendations from the C&AG and the PAC the Treasury and Resources Department is undertaking a fundamental review of Financial Directions. The review identified that a number of subject areas currently covered by Financial Directions would be better addressed in other ways. These include:

- an overarching Financial Governance Framework;
- HR Codes of Practice; and
- a Corporate Governance and Risk Framework.

Financial Directions will continue to be issued by the Treasurer to Accounting Officers; however, under the Employment of States of Jersey Employees (Jersey) Law 2005 the Chief Executive Officer is responsible for issuing codes of practice.

Once agreed by the States Employment Board, codes of practice will be issued by the Chief Executive Officer in respect of;

- Risk Management.
- Business Continuity Management.
- Information Management.
- Records Management.

The codes of practice will be principle-based, aligned to other related policies and guidance documentation.

Once approved the Codes of Practice on Risk Management will replace the existing Financial Direction 2.7.

As with Financial Direction 2.7 the Codes of Practice on Risk Management will cover identifying, evaluating and assessing risks, identifying responses to risk, and monitoring and reviewing progress.

Corporate Governance and Risk Framework

The States of Jersey is in the process of developing and implementing a comprehensive, unified Corporate Governance and Risk Framework which will support risk management activities.

The overall approach to corporate governance is based on the separation of functions. The structure will be appropriate to the States but typically will provide for three levels of governance with respect to risk – known as the Three Lines of Defence;

- first line – senior management (i.e. the Chief Executive and CMB) is responsible for governance within the organisation;
- second line – specialist risk management and governance functions such as business continuity, human resources, finance, health and safety, information security, insurance and information and records management are responsible for risk management and governance activities;
- third line – assurance on adequate compliance is provided by internal audit, external audit, the C&AG, Scrutiny and the PAC.

The risk management framework has two separate considerations;

- be supportive of the risk management process and,
- to ensure that the outputs from the process are communicated into the organisation and achieve the anticipated benefits for the States of Jersey.

Assurance Framework

The CMB needs to be confident that its governance arrangements are operating effectively. The CMB has to know that it will identify, manage and minimise the risks inherent in the provision of public services and that it will be able to achieve its strategic objectives.

The Chief Internal Auditor meets with Departments to assess their risk on a regular basis which feeds into the risk-based audit plan which is approved by the States of Jersey Audit Committee.

The assurance framework is endorsed by the Audit Committee. This assurance framework provides the organisation with a comprehensive method for effectively managing the principal risks to meeting its objectives. It also provides a structure for acquiring and examining the evidence to support this Governance Statement. The framework will in turn, allow for more effective performance management.

The obligation is for Accounting Officers to sign an annual Governance Statement and this heightens the need for the CMB to be able to demonstrate that they have been properly informed about the totality of their risks, whether in the provision of public services or public safety or in organisational matters. To do this they need to be able to show – to give 'assurance' – that they have systematically identified their objectives, managed the principal risks to achieving them and identified any significant weaknesses that need to be overcome. It is the responsibility of the Accounting Officer to ensure adequate risk management systems and controls.

Oversight of Risk

Action owners are identified on both Corporate and Departmental Risk Registers. The CMB Risk Sub-Group and the departmental Risk Management Group are chaired by the Chief of Police and the Chief Fire Officer respectively; in addition the Chief Fire officer oversees the Community Risk Register. The Corporate and Community Risk Registers are reviewed by CMB every quarter, reviewed by CoM every 6 months and passed to Audit Committee Review under the Audit Committee terms of reference every 6 months.

Risk Management Objectives

CMB has continued to put significant emphasis on health and safety in 2015. Progress has also been made on risk management processes through workshops and training and the development of a comprehensive Business Continuity Management System supported cross-departmentally by the Departmental Risk Management Group.

The objectives for 2016 are to continue to embed enterprise risk management activities through the evolving corporate and departmental risk management frameworks and to ensure that risk management processes continue to:

- identify risks (and opportunities);
- evaluate and prioritise the significant risks (and opportunities);
- manage the significant risks.

Business continuity

The business continuity function exists to provide support to departments with the development and implementation of business continuity arrangements for their critical activities in line with best practices.

Emergency planning

The 'Emergencies Council', chaired by the Chief Minister is the responsible body under the Emergency Powers and Planning (Jersey) Law 1990 for emergency planning in Jersey. The Emergencies Council is supported at a strategic level by the Emergency Planning Board, chaired by the Chief Executive of the CoM who leads a programme of improvements to emergency planning, training and exercising of plans.

A Community Risk Register has been developed to provide an overview of the potential risks in Jersey which could result in a major incident. This is used to prioritise plans and training to prevent, reduce, control, mitigate and take other actions in the event of an emergency.

The Emergency Planning Board and Emergencies Council are supported by the Chief Fire Officer, who is the designated Emergency Planning Officer, and an Assistant Emergency Planning Officer who are responsible for developing and implementing emergency plans, policies and training to ensure the Island is well placed to respond to major emergencies or crises.

Insurance arrangements

Insurance arrangements which were formalised and established in law in 2014 are administered centrally through the Insurance Fund (IF), a ring-fenced allocation of money providing insurance arrangements to States departments and other participating bodies.

The participants in the IF are recharged a premium as calculated by Treasury and Resources, the IF in turn pays insurance premiums to the States Insurer.

Counterparty risk, the risk the insurance counterparty is unable to meet insurance claims as they fall due, is managed centrally by the IF. Other insurance risk, such as the risk that insufficient insurance coverage is managed at a departmental level; insurance declarations are made annually to ensure adequate coverage by the States Insurance Provider. Adequacy of ongoing coverage is monitored through controls such as those operating over asset registers.

Health and Safety

Under the States of Jersey Employees (Jersey) Law 2005 the States Employment Board has delegated the executive function and authority for corporate health and safety to the Chief Executive Officer of the States of Jersey and to the CMB. In turn, each member of the CMB, Chief Officer and Head of Administration for non-executive departments is accountable for the implementation of corporate health and safety policy within their own departments.

Arrangements for health and safety are embedded through the Corporate Health and Safety Policy. The Policy establishes the roles and responsibilities of employees at all levels, sets corporate standards for the management of health and safety and establishes the corporate arrangements for consultation over health and safety issues. It also includes information on managing the risks to health and safety as well as details on providing safe workplaces and safe systems of work. Each department is required to appoint a member of the senior management team to implement the requirements of the Corporate Policy. The Chief Executive Officer receives quarterly reports on the health and safety performance within departments, including updates on current and developing risks. These are used to develop the health and safety risk management strategy and set polices and standards for implementation within departments.

Anti-Fraud and Corruption Policy

The Audit Committee approved the Anti-Fraud and Corruption Policy in November 2013 and this was subsequently presented to the Chairman and members of PAC in December 2013 for consultation. This has been rolled out to the States of Jersey replacing the existing policy and is included as part of the corporate induction programme all new employees attend. The States of Jersey's commitment to the prevention, detection and investigation of fraud and corruption is set out within the new policy. Fraud, theft and corruption within the States of Jersey are deemed as unacceptable, and all States of Jersey staff are expected to act honestly and with integrity at all times and to safeguard the public resources for which they are responsible. This is also in line with the States of Jersey Code of Conduct for Civil Servants.

The Policy summarises the responsibilities of management and employees of the States of Jersey and outlines the procedures to be followed where suspicion of financial irregularity is suspected. Employees also have access to https://soj/DocsForms/Policies/HR/Whistleblowing/Pages/Whistleblowing.aspx which is provided on My States Intranet to support them in the event there are matters to be raised.

Serious concerns (Whistleblowing)

There is a policy in place which has been agreed in consultation with the trade unions and Audit Committee.

Anti-Money Laundering

Although the States of Jersey is not regulated by the Jersey Financial Services Commission it still needs to comply with anti-money laundering (AML) Laws and strives to comply with best practice. There has been no known money laundering within the States of Jersey; however, in addition to the serious concerns and whistleblowing policy, as recommended by Internal Audit and the C&AG the Treasury and Resources Department developed an AML policy, the States of Jersey Anti-Money Laundering Policy, which was implemented in September 2015 and Anti-Money Laundering Reporting Officers (MLROs) were appointed. The States of Jersey has a zero tolerance to breaches of money laundering Legislation.

Capacity of Officers

An Executive Leadership Programme, delivered by Ashridge Business School, and focussing on strategic direction and leadership in the context of Reform was introduced in 2013. Members of the CMB have taken part in the Programme, elements of which have also included the CoM. The Programme has also been extended to Directors and other senior staff across the organisation.

A modular programme of leadership and development designed specifically to equip States of Jersey managers to deliver an effective service in a modernised public sector, which aligns to professional qualifications through the Chartered Management Institute, has been on offer to middle and first line managers since 2006 and has been extended to senior managers with effect from 2013. The former Modern Manager Programme (MMP) ceased in 2015 and 2016 will see the introduction of a new programme called Managers to Leaders which will be delivered in conjunction with new partners Cirrus.

In order to support public sector reform, Lean training and development has been rolled out across all States departments. The Lean methodology will enable the States of Jersey to build a culture of continuous improvement and empower staff to lead change and improve the performance of our services for the customer. Departments are implementing their Lean training individually in five progressive levels, with the object of 20% of staff attending a one week course to learn more complex Lean methodology and being provided with coaching support to deliver prioritised improvement projects.

On-going training is provided through the States of Jersey Learning and Development Programme. Training needs are identified through the performance review and appraisal (PRA). Research is underway with the aim of further development of the learning provision offered to States employees to incorporate a blended learning approach, which will offer a range of online learning interventions to include e-learning, webinars, toolkits and learning resources. This will allow employees choice in the way they learn and enable integration with operational workload demands. It will also support Continuing Professional Development (CPD). Induction training is currently offered to all employees, but this will be developed further through an online provision.

Engaging with stakeholders

Government engages widely with many groups all with the objective of reaching as many people as possible with information about policy and initiatives. As well as using traditional media outlets to distribute information, government is increasingly reaching individuals and new audiences through its own social media feeds and www.gov.je, and continues to target specific interest groups when appropriate. Public consultations form a key part of that engagement, as do public awareness campaigns. Internal communications with States employees recognise the diversity of the workforce and include an active intranet site, MyStates, a quarterly newsletter, Changing States, and workshops on specific projects.

The Communications Unit is responsible for setting and monitoring the standards governing public consultation. It has developed a public consultation area on www.gov.je on which all written States consultations must be published. It also holds a register of people and organisations that have asked to be consulted on items of interest.

All States of Jersey consultations should follow this guide and conform to the Code of Practice on Consultation.

5.4 Review of Effectiveness

All Accounting Officers have confirmed in their Governance Statements that, to their knowledge, governance arrangements operated adequately in their area(s) of responsibility during 2015 and/or steps are being taken to address known areas of weakness. In addition the review of effectiveness is informed by the work of Internal Audit, Scrutiny, the C&AG, the PAC and External Audit.

Internal Audit

The role of Internal Audit is to provide assurance based on a risk-based audit plan rather than providing absolute assurance. It is the responsibility of Accounting Officers to maintain adequate systems and controls and comply with the relevant legislation, Financial Directions and policies.

During 2015, the Chief Internal Auditor continued to strengthen the Internal Audit Governance Framework in order to deliver a more efficient and effective Internal Audit service. Under Public Sector Internal Audit Standards (PSIAS), the Chief Internal Auditor should maintain a Quality Assurance Improvement Programme (QAIP). An independent review was done of the QAIP in February 2015 in which a positive report was given.

Internal audit issued 47 reports during 2015. In 2014 51 reports were issued.

Internal Audit exceptions on assurance of financial and non-financial systems and controls have been tabled at Audit Committee as well as the Treasurer and Chief Executive Officer being informed. In addition, the Chief Internal Auditor raised exceptions in regards to certain departments and functions to the Chief Executive, Treasurer and Chairman of the Audit Committee. These exceptions are being monitored by the Chief Executive and Internal Audit will continue to do a formal follow up in 2016.

Following the reviews, all report recipients are asked whether they agree with the recommendations made and to complete an action plan showing how they plan to implement them within agreed timescales. Each recommendation is classified as high, medium or low risk which assists management in focusing their attention on priority actions.

Management is responsible for implementing Internal Audit recommendations within agreed timescales and in a number of departments this is achieved by senior management teams monitoring and considering outstanding recommendations routinely at their meetings. Accounting Officers have been asked to confirm any outstanding Internal Audit recommendations in their 2015 Governance Statement.

In 2016 there will be a focus by Internal Audit to continue to follow up on recommendations and feedback to departments when policies or procedures are not fit for purpose to consider amending the policy or procedure to ensure it mitigates the risk but with lean management principles. In addition, Internal Audit will continue to drive the programme towards PSIAS compliance.

Currently there is a high level of capital expenditure, notably the new hospital and sewage treatment works, and it is vital that Internal Audit is involved in these projects to provide independent assurance on compliance with policies and procedures. Grants continue to be an area of focus for Internal Audit and will be reviewed in 2016 in addition to key new systems such as payroll. The 2016 Audit Plan has been done on a risk-based assessment and all reports will continue to be issued to the departments, the C&AG, external audit and the Chairman of the Audit Committee; in addition, any high level recommendations are also provided to the Treasurer and the Chief Executive.

Scrutiny Panels

The role of the Scrutiny Panels is to protect the public interest by examining policy decisions. Scrutiny reports acknowledge good practice and, where necessary, recommend change and improvement to services or government policies. A summary of 2015 Scrutiny Panel publications is shown in Table 18. Scrutiny reports are followed up by the relevant panel to establish whether recommendations have been implemented.

Departments have continued to build productive working relationships with the Scrutiny Panels during 2015. A number of hearings and briefings took place between the Corporate Services Scrutiny Panel (CSSP) and Treasury and Resources during the year, the details of which are summarised in Table 19.

TABLE 18 – SCRUTINY PANEL PUBLICATIONS DURING 2015

Scrutiny Panel	Review date and title
Corporate Services	• Review of proposed Amendment to the Public Finances (amendment of Law No.2) Jersey Regulations – (May 2015) • MTFP 2016–2019 – Report (October 2015) • Jersey International Finance Centre – Report (October 2015) • Public Sector Pension Reform 2015 (phase 2) – Report (November 2015) • Draft Budget 2016 – Report (December 2015)
Economic Affairs	• Ports of Jersey Incorporation – Advisors Report (April 2015)
Education and Home Affairs	• Special Education Needs Report (July 2015) • Prison Board of Visitors Report (November 2015)
Environment	• Environmental Policies Report (April 2015) • Supply of Housing Report (September 2015)
Health, Social Security and Housing	• Respite Care for Adults (July 2015)
Chairmen's Committee	*No reports in 2015*

Comments Presented by Scrutiny Panel in 2015

Corporate Services:

- P.46/2015 Draft States of Jersey (Transfer of Functions No.8) (Miscellaneous Transfers) (Jersey) Regulations 201- Comments (1).
- P.46/2015 Draft States of Jersey (Transfer of Functions No.8) (Miscellaneous Transfers) (Jersey) Regulations 201- Comments (2).
- Council of Ministers' Proposed Strategic Priorities 2015–2018 (R.8/2015) Comments.

Economic Affairs:

- Draft Air and Sea Ports (Incorporation) (Jersey) Law 201- Comments.
- P.46/2015 Draft States of Jersey (Transfer of Functions No.8) (Miscellaneous Transfers) (Jersey) Regulations 201- Comments.

Health and Social Security:

- Draft Discrimination (Sex and Related Characteristics) (Jersey) Regulations 2015 (P.40/2015) Comments.

TABLE 19 – CSSP HEARINGS AND BRIEFINGS WITH TREASURY AND RESOURCES DURING 2015

Hearings and briefings	Topic areas covered
CSSP Briefing (15 January 2015)	Briefing on Budget 2015 and income forecasts
CSSP Briefing (30 January 2015)	Briefing from Fiscal Policy Panel
CSSP Hearing (4 February 2015)	Hearing on MTFP
CSSP Hearing (2 March 2015)	Quarterly Public Hearing
CSSP Briefing (30 March 2015)	Briefing on Amendment to Public Finance (Jersey) Law 2008
CSSP Briefing (17 April 2015)	Briefing on 2014 out turns
CSSP Hearing (15 May 2015)	Quarterly Public Hearing
CSSP Hearing (15 June 2015)	Hearing on Jersey International Finance Centre
CSSP Briefing (18 June 2015)	Briefing from Fiscal Policy Panel
CSSP Briefing (3 July 2015)	Briefing on JT/Airtel
CSSP Briefing (4 September 2015)	Briefing from Fiscal Policy Panel
CSSP Hearing (7 September 2015)	Quarterly Public Hearing on MTFP
CSSP Hearing (9 November 2015)	Quarterly Public Hearing on Budget 2016

Public Accounts Committee

Reports published by the PAC in 2015 include;

- Andium Repairs and Maintenance – Report (May 2015).
- Financial Directions – Report (August 2005).
- Public Sector Reform – Report (October 2015).

Comptroller and Auditor General – Jersey Audit Office

In addition to the 2015/16 Audit Plan, reports were published by the C&AG in 2015 and include;

- Housing repairs and maintenance (February 2015).
- Private Patient Income in HSSD (April 2015).
- Review of Financial Management (April 2015).
- Information Security (June 2015).
- Procurement Follow up (August 2015).
- Internal audit Follow up (August 2015).
- Use of Management Information in the Health and Social Services Department – Operating Theatres: Follow-up (August 2015).
- Review of Community and Social Services – HSSD (December 2015).

A report on the 2014 Accounts was also published.

Departmental processes

Accounting Officers also rely on mechanisms implemented at departmental level to gain comfort over the effectiveness of governance arrangements within their department, for example compliance/sample testing, internal reviews by senior management teams, external reviews, dedicated compliance teams and the completion of Assurance Statements by key budget holders.

5.5 Significant Governance issues

The Chief Executive Officer and the Treasurer of the States have determined the most significant governance issues to include in this Governance Statement, based on their awareness of the major issues facing the organisation. The significant issues that have arisen in 2015 are shown in Table 20 below.

TABLE 20 – SIGNIFICANT ISSUES IDENTIFIED IN 2015

Issue	Potential risk	Action
Serious case reviews		
Between 2010 and 2015, 15 serious case reviews (SCRs) have been commissioned in total and 12 of them relate to children. The first serious case review produced in 2010 has resulted in a substantial civil liability quantified in 2015 for many millions of pounds by SoJ insurers. The outcome of the Independent Jersey Care Inquiry is likely to lead to changes in the systems and procedures to safeguard and protect vulnerable children, including potential legislative and other changes.	*There is a risk of significant cost to the States of Jersey both financially and in terms of resources to deal with these cases. In addition there is a reputational risk both to the States of Jersey and the Island as a whole.* *There is a risk that the States of Jersey has not had appropriate systems and resources in place in the past when dealing with children and vulnerable adults.*	The implementation of SCR recommendations are reported upon by the Safeguarding Partnership Boards and overseen by the Child and Vulnerable Adult (CAVA) Officer Group.
Information Security		
Information must be held securely because it can be sensitive, commercially confidential or subject to legal constraints.	*There are increased and new threats as organisations and individuals seek to access data for criminal or malicious reasons.*	The approach to information security has been discussed at CoM, CMB and departmental Senior Management Team meetings. Security policies have been strengthened and future action plans put in place.
Jersey Innovation Fund (JIF) ***Due diligence***		
An Internal Audit report, commissioned by the Chief Officer, was not able to confirm that appropriate or sufficient due diligence had been carried out on loans that had been proposed to the Minister and subsequently made to third parties.	*The Minister is not being fully informed prior to approving a loan.* *Loans may be made to inappropriate parties.*	The recommendations made were agreed and a full record of due diligence performed will be kept and any monitoring of loans will be recorded and escalated as necessary.

Issue	Potential risk	Action
Travel and accommodation An Internal Audit review undertaken revealed the approved corporate travel provider was not always used in booking flights and accommodation. In a number of cases exemption from Financial Directions had been obtained. Concerns were raised in public over the level and cost of travel and accommodation in 2016 and a review is being carried out.	*Inefficient use of staff time in booking own flights and accommodation and potential increase in costs.* *Travel costs are high relative to the benefit gained.*	A firm direction has been made to ensure that Hogg Robinson Group, a web-based travel booking system, is used for all travel and accommodation. Improvements around the management of travel and subsistence have been made, for example the number of HRG users able to book travel has been rationalised and training provided in December 2015 on the use of the system. A review of travel and accommodation expenditure has been undertaken in the first quarter of 2016 and recommendations to strengthen procedures will be made.
SEB approval process Interim staff whose annual cost exceeded £100,000 were appointed without following the prescribed recruitment process including the requirement for SEB approval.	*Inappropriate interim appointments may have been made.*	The Director of Human Resources has conducted a review of the issue and actions have been taken to ensure retrospective approval and to ensure staff members are aware of requirements before appointments are made. Processes will be monitored in 2016.
Duplicate payments Following the identification of a duplicate payment in excess of £1 million Internal Audit undertook a review.	*Loss of States Funds. Inappropriate payments may be made.*	The funds were immediately recovered and prior to the review commencing certain controls were improved immediately and a duplicate payment report was introduced. The Internal Audit investigation recommended further improvements to processes and procedures which have been implemented..
Overpayment of Investment Manager's fees An Investment Manager to the Common Investment Fund (CIF), informed the States of an error regarding the calculation of their performance fee. The CIF had been over charged by £1,566,233 over a four year period. This is only in relation to one investment manager and was not systemic across all investment portfolios. This had not been identified in the previous independent external audit control reports.	*Investment management fees could be over paid (or under accrued).*	The overpayment was repaid in full by the investment manager (including interest) to the CIF. Internal audit have completed a review of the processes around paying such fees across the CIF and the PECRS. Actions have been put in place to address recommendations made to strengthen evidence of checks carried out.

Issue	Potential risk	Action
The current General Hospital As previously reported in 2012 Financial Report and Accounts the current General Hospital is no longer fit for purpose or capable of sustaining the general and acute care requirements for the population and one that is embedded in the proposed new system for health and social care. Proposition P.82/2012, as approved by the States, makes clear that a new hospital would be required within the 10 years time frame to 2021.		Refer to 2012 Update in Table 23 – 'Progress on 2012 Significant Issues', page 101.
Grants approval process A comprehensive review of the grant awarding process by Internal audit revealed the governance process applied to the management of grants is still not appropriately robust. Common audit findings identified included the need to improve due diligence over potential grant recipients, clearer confirmation of eligibility for grants, more specific agreed outcomes for grants and more rigorous and challenging assurance that these outcomes have been achieved. In 2014, a grant had been approved even though the recipient had cash balances in excess of £1 million.	*The governance process applied to the management of grants is not sufficiently robust.* *Grants are awarded to recipients that do not need the funds or do not use the funds in the agreed manner or purpose.*	In January 2016 Internal Audit issued recommendations to the Audit Committee, Chief Executive, and Treasurer including closer monitoring of the grant approval process. CMB have been briefed on these recommendations. In 2015, the applicant with cash balances in excess of £1 million applied for a further grant and this request was declined.

Progress made against the significant issues identified in the 2014 Governance Statement, the 2013 Governance Statement and the 2012 Statement on Internal Control that were still ongoing in 2015 are shown in Tables 21, 22 and 23 below.

TABLE 21 – PROGRESS ON SIGNIFICANT ISSUES IDENTIFIED IN 2014 UPDATE

Issue	Potential Risk	Action(s)
The Historical Abuse Committee of Inquiry Costs The Committee of Inquiry into Historical Abuse (known as the 'Independent Jersey Care Inquiry' [IJCI]) was established with an original budget of £6 million, subsequently augmented by an additional £3 million for Contingency, approved by the Council of Ministers. The Accounting Officer for the Panel for the Inquiry is the Greffier of the States. The totally independent nature of the Inquiry from the States meant that the Greffier's ability, as Accounting Officer, to control expenditure is extremely limited as the Panel must make its own decisions on spending without interference from the States. It was nevertheless clear as 2014 progressed that the Panel would not be able to complete its work in the manner it had structured the Inquiry and support team within the total budget allocated by the States. The Greffier raised his concerns on a number of occasions with the Chairman and members of the inquiry and wrote to the Minister for Treasury and Resources on 15 December 2014 to draw his concerns to his attention formally. In addition, the relevant States Departments who provide information for the Committee of Inquiry had been allocated a total of £2.6 million (from the additional £3 million) as follows; Chief Minister's £1.5 million Education, Sport and Culture £300,000 Health and Social Services £209,000 Home Affairs – SOJ Police £322,000 Law Officers £275,000 The Chief Executive Officer has expressed his concerns, by letter to the C&AG, about the escalating costs of the Panel and the Inquiry.	*That expenditure on the Inquiry continues to escalate without an identified source of funding.*	On 25 March 2015 the States Assembly adopted P.20/2015 Committee of Inquiry: Historical Child Abuse – additional funding. This required the Minister for Treasury and Resources to bring a further proposition identifying up to £14 million of additional funding, from the Strategic Reserve if necessary. This action accommodates the forecast expenditure as at the end of March 2015. P.20/2015 was implemented on 8 October 2015 when the States approved: P.76/2015 Strategic Reserve Fund: funding for Independent Jersey Care Inquiry and transfers from and to the Consolidated Fund (as amended) and P.75/2015 Strategic Reserve Fund: funding for Independent Jersey Care Inquiry and transfers from and to the Consolidated Fund (as amended). These propositions made available up to an additional £10 million to the IJCI in 2015 and up to an initial £4 million in 2016 for the same purpose (the latter being included within the MTFP 2016–2019) from the Strategic Reserve. These funds were to be held in the Allocation for Contingency (Contingency) pending their need to meet actual expenditure. On 8 October 2015, the Minister for Treasury and Resources published R.114/2015 Independent Jersey Care Inquiry: Memorandum of Understanding and Directions. This set out how costs for the Inquiry, incurred both by the Panel and States departments, would be managed. Monthly forward spending forecasts are to be provided to the Treasurer and costs monitored more closely in 2016.

Issue	Potential Risk	Action(s)
Grants		
Concerns were raised over the issue of grants and any other non-compliance matters are being proactively addressed by the Chief Executive with the relevant Accounting Officers. Both Internal Audit and PAC raised governance concerns in 2013 in regards to the issue of Canbedone film grant. The audited accounts of Canbedone are still to be received.	*The governance process applied to the management of grants is not appropriately robust.*	A comprehensive review of the Grant awarding process was undertaken by Internal Audit and recommendations made (see 2015 issues). Closer monitoring of the grant approval process to be implemented in 2016. Due to the financial costs involved in the preparation of audited accounts, and as the receipt of audited accounts was not a pre-condition of awarding the grant, the Economic Development Department has agreed to accept unaudited accounts for Canbedone Limited.
States of Jersey Utilities Shareholdings:		
A number of governance-related issues have been identified during a 2014 review by the Comptroller and Auditor General and Internal Audit on the States of Jersey governance over the utilities as a shareholder. Although the reviews were in regard to specific Utility companies, the points raised are relevant to the overall Shareholding function. The reviews also considered action taken to implement the recommendations made in Deloitte's 2010 report. Key recommendations arising from the reviews include: – review and revision of individual Memoranda of Understanding (MoU) for relevance and to strengthen governance generally; keeping the objectives of ownership under review to ensure that they remain relevant and are being achieved; – ensuring that management information includes KPIs that link directly to ownership objectives; and, consider the resourcing of the shareholder function given the increasing complexity of the function to undertake proper due diligence and governance. The Deloitte report was tabled to the Treasurer and a number of points have been implemented.	*Some MoUs are out of date and may not be fit for purpose; shareholding objectives are not relevant and their achievement is not monitored; and, there is insufficient resource within the shareholder function to deal with the additional work that the function needs to do.*	During 2015, significant work was undertaken with the Economic Affairs Scrutiny Panel on the development of the Memorandum of Understanding and Articles of Association for Ports of Jersey Limited, prior to its incorporation on 1 October 2015. This built on similar work in respect of Andium Homes Limited in 2014. The aim was to give sufficient comfort that these were robust, appropriate and also in line with the Deloitte and Comptroller and Auditor General's recommendations. This demonstrated that the existing MOUs with other utilities were generally appropriate and robust, but could be improved. Each will be reviewed with the respective Board's during 2016. Restructuring within the Department will ensure that the function receives the appropriate level of senior oversight. In addition, a budget of £200,000 was approved for 2016 in the 2016–2019 MTFP, to provide additional support as required. During 2016, an independent Treasury Advisory Panel will be created specifically for these strategic shareholdings. This combines the advantages of building a more intelligent shareholder function with the advantages of a 'Board of Boards' option identified by Deloitte in their 2010 report, by providing non-executive and commercially experienced assistance in managing the relationship with setting the objectives and evaluating the performance of the strategic investments. The approach mirrors the existing Treasury Advisory Panel to advise on overall financial investment strategy, policy and performance.
Jersey Overseas Aid Commission		
There are some ambiguities regarding the legal structure of the Jersey Overseas Aid Commission (JOAC). In addition there have been concerns raised over the adequacy of governance and diligence processes.	*There is a risk that the JOAC is operating without an appropriate and robust governance structure in place.*	The JOAC has recognised that there are legal and governance issues that need to be addressed and the Commission is working with officers to resolve these matters. Internal Audit did a review in 2015 and will be following up in 2016.

Issue	Potential Risk	Action(s)
Anti-Money Laundering		
Whilst the States of Jersey is not regulated by the JFSC it needs to comply with best practice. It has been identified that it is necessary to implement an Anti-Money Laundering Policy to supplement the existing Serious Concerns and Whistleblowing Policy and meet best practice requirements.	*The lack of an Anti-Money Laundering Policy increases the risk that the States of Jersey inadvertently launders money.*	The States of Jersey Anti-Money Laundering Policy was implemented in September 2015 and Anti-Money Laundering Reporting Officers (MLROs) were appointed.

TABLE 22 – PROGRESS ON 2013 SIGNIFICANT ISSUES

Issue	Action
Implementation of Gigabit Jersey In November 2012, JT made commitments for the implementation of Gigabit Jersey. However, there have been some issues with delivery.	Progress on the delivery of this project has continued to be monitored during 2015. This has included an update on the revised delivery plan and costings, following the exit of the contractor and JT taking this work back 'in house'.
Public Employees Contributory Retirement Scheme (PECRS) contribution rates: It has been identified that the employer and employee contributions into PECRS are insufficient to fund the benefits being accumulated. In 2014 the Scheme Actuary identified that this underfunding has increased for both new entrants and existing members.	The review of PECRS instigated by SEB in 2011 and the resulting changes to the scheme were completed in 2015. The enabling Law which was approved by the Privy Council in 2014 was supplemented by detailed regulations passed by the States in November 2015. On 1 January 2016 a Career Average Revalued Earnings (CARE) pension scheme called the Public Employees' Pension Scheme (PEPS) was introduced with all new employees being put into this scheme from this date. From 1 January 2019 existing employees will transfer to PEPS for future accrual and increases to contribution rates will be phased in. A limited number of employees closest to retirement will have the option to remain in PECRS. The PEPS is funded using prudent assumptions and developed with the aim of being sustainable, affordable and fair. The employer and employee contributions were costed to cover the value of benefits being accrued. The underfunding in PECRS has been addressed by the introduction of PEPS and the agreed transfer of existing employees to PEPS in 2019.
Ports Incorporation Programme On 3 June 2015, the States approved the Draft Air and Sea Ports (Incorporation) (Jersey) Law 2015. This puts in place the framework for the creation of a wholly States-owned self-funding company to be called the "Ports of Jersey Limited", to control and operate the air and sea ports. The Law provides for the effective regulation and control of the new company, while permitting it to operate commercially in its regulated environment. This commercial operation will allow it to generate the income necessary to resolve a potentially very significant liability in the form of a demanding and essential programme of capital investment, in what is a capital intensive business. The aim is to enable the ports to become self-sustainable.	The Ports of Jersey Limited was incorporated on 1 October 2015 and the assets of Harbours and Airport transferred to the newly incorporated entity.
Storage of asbestos Asbestos removed from the Island's buildings is stored above ground in steel containers at La Collette.	Following the imposition of conditions on the planning permission received in 2014, the Department continued to research alternative means of disposal of the legacy asbestos waste stored at La Collette. A Duly Reasoned Request to export the legacy waste for treatment and disposal was rejected by the UK in late 2015. A contract to transfer the legacy containerised asbestos to engineered cells at La Collette will now be tendered in 2016. A new asbestos reception site was constructed at La Collette during 2015 to receive and store new waste arising. Work continues to agree the way forward for non-licenced asbestos with the regulator.

Issue	Action
Discharge from the current sewage treatment plant Has failed to meet the regulatory requirements in terms of nitrogen levels dispersed into the Bay.	In May 2014 the States adopted P.39/2014 "Waste Water Strategy" which set out the long term strategy for treatment of waste water in the Island. It included proposals to replace the current Sewage Treatment Works at Bellozanne using a phased approach which would allow the provision of sufficient expansion capacity for further treatment should this prove necessary in the long term. A contractor was engaged during 2015 to work with the department to further develop the outline plans and tender process for the construction works to commence during 2016.
The EU Directive to regulate Alternative Investment Fund Managers operating or marketing in the EU. AIFMD – the EU introduced the Alternative Investment Fund Managers Directive to regulate Alternative Investment Fund Managers operating or marketing in the EU. It was vital that Jersey implement the Directive into its own legal and regulatory framework to ensure that Jersey structures may continue to be marketed into the EEA to professional investors. The implementation of AIFMD into Jersey's legal and regulatory framework was achieved following a significant collective effort by the regulator, industry and government. Jersey has now signed AIFMD cooperation agreements with 27 jurisdictions in the EEA. *Potential Risk* The continuation of national private placement rules is imperative in providing EEA professional investors market access to Jersey managers and Jersey AIFs up until such time as the AIFMD passport is made available. Jersey's ability to access EEA investors may be shut down if the European Council decides that passporting should not be available for third countries, such as Jersey. AIFMD is being introduced on a phased basis and in the event that the rules change further challenges may emerge.	In 2015 ESMA announced that there was no reason why Jersey should not be treated as an equivalent jurisdiction when EU pass-porting is introduced and as such this is no longer considered an issue.

Issue	Action
International focus on the exchange of tax information Following the confirmation by the G20 in 2013 of a new global standard for the automatic exchange of information for tax purposes, in 2015 Jersey commenced automatically exchanging information with the US under FATCA. In 2016, automatic exchange of tax information will commence with the UK (under the UK intergovernmental agreement) and in 2017, automatic exchange of information will commence in accordance with the Common Reporting Standard (CRS) with the signatories to the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters and the associated Multi-lateral Competent Authority Agreement. Jersey also needs to continue to comply with its obligations in respect of exchange of tax information on request, responding to requests received from partner jurisdictions. Failure to comply with these obligations would have negative implications for Jersey's reputation as a quality international finance centre, with repercussions for Jersey's financial services industry.	During 2015, Jersey has continued to take steps to comply with the developing international standards regarding exchange of tax information, including: • Launch of the online automatic exchange of information portal, for the collection of data from financial institutions and onward transmission in accordance with Jersey's obligations under its international agreements. Together with the publication of associated guidance notes regarding how to utilise the portal. • Completion of the first tranche of automatic exchange of tax information with the US under FATCA. Continued development of the guidance notes produced, together with the Isle of Man and Guernsey, to assist financial institutions with compliance with the intergovernmental agreements with the UK and the US. • Adoption of the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015, putting in place the legislative framework for compliance with CRS. • Completion of agreements for the automatic exchange of tax information between the Crown Dependencies. • Development of guidance notes, together with the Isle of Man and Guernsey, to assist financial institutions with compliance with the CRS. • During 2015, Jersey continued as a vice-chair of the Global Forum Working Group which, at the request of the G20, will monitor the implementation of the Common Reporting Standard. • Jersey is giving its support to the OECD Action Plans on Base Erosion and Profit Shifting (BEPS). Jersey has joined with the G20 in seeking to ensure that law enforcement and tax authorities have timely access to adequate, accurate and up-to-date information on the beneficial ownership of companies.

TABLE 23 – PROGRESS ON 2012 SIGNIFICANT ISSUES

Issue	Action(s)
Legal action by Harcourt Developments Legal action is being taken against the States of Jersey Development Company by Harcourt Developments in relation to their claim that terms within a Development Agreement were not negotiated in good faith and with due diligence.	States of Jersey Development Company has filed an application to strike out the claim.
The current General Hospital The current General Hospital is no longer fit for purpose or capable of sustaining the general and acute care requirements for the population and one that is embedded in the proposed new system for health and social care. Proposition P.82/2012, as approved by the States, makes clear that a new hospital will be required within the 10 years time frame to 2021.	The States Assembly allocated feasibility funding to the Future Hospital Project in Budget 2014 and Budget 2015. In 2015, the feasibility studies into the previously preferred Dual Site Option identified in Budget 2014 were deferred in response to Ministerial requests to review 4 short-listed sites on a like for like basis against the Dual Site. This work progressed into 2016 and resulted in a public engagement on the 5 sites. Previous States approvals for work on transitional ward capacity and Overdale relocation works also continued in 2015 to provide resilience against the risk of a major infection outbreak and to relocate Health and Social Services from Overdale.

5.6 Closing Statement

To the best of my knowledge, the governance arrangements in place during 2015 have been effective, with the exception of the governance issues identified above and in individual departmental 2015 Governance Statements.

Signed:

John Richardson
CHIEF EXECUTIVE OFFICER
Date: 31st May 2016

Richard Bell
TREASURER OF THE STATES
Date: 31st May 2016

6 Introduction to the Accounts

6.1 Changes in Accounting Standards

Accounting Standards evolve over time, and the Minister for Treasury and Resources therefore decided to update the accounting standards adopted by the States on an annual basis. The JFReM is based on the UK version of the same document, which prepared by HM Treasury and is subject to scrutiny by an independent board, the Financial Reporting and Advisory Board. Since 2012, the JFReM has followed standards adopted by the UK Government with a one year delay.

During 2015, Jersey Airport and Harbours were incorporated as Ports of Jersey Limited; the governance framework in place for the incorporated entity is such that the States of Jersey is still deemed to have direct control of Ports of Jersey. As such, the results of Ports of Jersey are shown within the consolidated financial statements on the same basis as Andium Homes Limited and the States of Jersey Development Company. The accounting boundary within the JFReM 2015 has been amended accordingly.

Note 9.3 of the Accounts gives details of the impact of accounting differences between the 2014 JFReM and the 2015 JFReM and restates in detail the previous years' financial statements. The most significant accounting adjustments are the revenue recognition of current year basis income tax and Long Term Care contributions. The relevant policies can be found in Note 9.1 – Accounting Policies with the impacts on the accounts identified in Note 9.3 – Changes to Accounting Standards.

Future Developments

The Minister's policy is to follow the standards adopted by the UK Government with a one-year delay. On that basis, the 2016 JFReM will be based on UK FReM for the year ending 31 March 2015. Estimates of effects of the changes in the 2016 JFReM are given in Note 9.1 – Accounting Policies, but are not expected to have a significant impact on the Accounts.

6.2 Explanation of the contents of the Accounts

The main statements included in the accounts are explained below along with an explanation of their purpose.

Consolidated Statement of Comprehensive Net Expenditure (SoCNE) (previously the Operating Cost Statement (OCS) and Statement of Total Recognised Gains and Losses (STRGL))

The SoCNE provides an informative analysis of the States income and expenditure, highlighting income raised by the States of Jersey, such as taxation and States expenditure on social benefits, staff costs, grants and subsidies and other expenditure.

It encompasses all the entities that comprise the States of Jersey, and income and expenditure are shown net of amounts resulting from charges within the States of Jersey.

This statement also provides a summary of financial gains and losses which are not recorded in Income and Expenditure under the heading 'Other Comprehensive Income'. These are generally unrealised gains and losses, such as those resulting from the revaluation of Property, Plant and Equipment, Investments or Pension Liabilities.

Consolidated Statement of Financial Position (SoFP) (previously the Balance Sheet)

The SoFP provides a snapshot of the States of Jersey's financial position as at 31 December. It sets out what the States owns, what the States owes and what is owed to the States at that point in time. The figures shown exclude any amounts due between entities included in the States of Jersey.

Consolidated Statement of Cash Flows (SoCF)

Both the SoCNE and SoFP are prepared in accordance with the Jersey Financial Reporting Manual (which interprets IFRS for the States of Jersey), and are therefore prepared on an 'accruals' basis, whereby income and expenditure are matched to the period to which they relate, not the period in which a movement of cash occurs.

In contrast the SoCF summarises the actual movements in cash balances that have occurred in the year.

Consolidated Statement of Changes in Taxpayers' Equity (SoCiTE) (previously the Reserves Note)

The SoCiTE gives details of the movements in 'Taxpayers' Equity', which represents the taxpayers' interest in the States of Jersey, and equates to both the total value of Net Assets held by the States, and an accumulation of net income and other gains and losses over the years.

Notes to the Accounts

The accounts also include a set of notes that provide further analysis of the figures contained within the main statements.

Note 9.1 sets out the Accounting Policy used by the States when preparing the Accounts, and Note 9.2 details any key assumptions made when making estimates and the effect of uncertainty in these estimates.

Note 9.3 is a detailed restatement of previous years' statements, showing the changes resulting from the move to IFRS.

Note 9.4 gives a Segmental Analysis of both the SoCNE and SoFP, giving further details of how these numbers are made up.

Notes 9.5 to 9.13 give further information about the figures included in the SoCNE; and Notes 9.14 to 9.31, the SoFP.

The remaining notes give additional disclosures and information about various items included in the Accounts.

Statement of Outturn against Approvals (SoOaA)

The SoOaA is the States' accountability statement. It shows a comparison of outturn against the approval for each head of expenditure for both net revenue expenditure and capital expenditure, a reconciliation of the revenue outturn to net revenue expenditure disclosed in the SoCNE and a statement showing the unallocated consolidated fund balance at the end of the financial year.

Unaudited Annex to the Accounts

The Unaudited Annex to the Accounts primarily gives further information about the entities included within the States of Jersey Accounts. This includes a SoCNE, a SoFP and other information about the performance of Departments, Trading Operations, Reserves and Special Funds. Additional information about General Revenue Income received is also included.

It also provides further information about the changes from the MTFP which were agreed by the States or by Ministerial Decision, and gives details of all grants paid to organisations (other than those included in Note 9.12). A Glossary is also included which provides an explanation of the terminology used in this report and accounts.

The Annex to the Accounts is not audited.

7 Auditor's Report

7.1 Independent Auditors' Report to the Minister for Treasury and Resources of the States of Jersey

Report on the annual financial statement in respect of the accounts of the States of Jersey

Our opinion

In our opinion the accounts, defined below:

- give a true and fair view, in accordance with the Public Finances (Jersey) Law 2005, of the state of the States of Jersey's affairs as at 31 December 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted for the States of Jersey by the Jersey Financial Reporting Manual;
- properly represent the activities of the States; and
- have been prepared in accordance with the requirements of the Public Finances (Jersey) Law 2005.

What we have audited

The annual financial statement in respect of the accounts (the "accounts"), which is prepared by the States of Jersey, comprise:

- the States of Jersey Consolidated Statement of Comprehensive Net Expenditure (Operating Cost Statement) for the year ended 31 December 2015;
- the States of Jersey Consolidated Statement of Financial Position as at 31 December 2015;
- the States of Jersey Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 December 2015;
- the States of Jersey Consolidated Statement of Cash Flows for the year ended 31 December 2015; and
- the notes to the accounts, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union, as interpreted for the States of Jersey by the Jersey Financial Reporting Manual.

In applying the financial reporting framework, the Treasurer has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, the Treasurer has made assumptions and considered future events.

Opinion on other matter

In our opinion, the information given in the Minister's Report, the Treasurer's Report, the Remuneration Report and the Governance Statement for the financial year for which the accounts are prepared is consistent with the Accounts.

Other matters on which we are required to report by exception

Propriety of accounting records and information and explanations received and adherence to law

We have nothing to report in respect of the following matters where the Comptroller and Auditor General requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the States; or
- we have not received all the information and explanations we require for our audit.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Treasurer

As explained more fully in the Statement of Responsibilities for the Financial Report and Accounts set out on page 57, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Minister for Treasury and Resources in accordance with section 47(1) of the Public Finances (Jersey) Law 2005 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the States of Jersey's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Treasurer; and
- the overall presentation of the accounts.

We primarily focus our work in these areas by assessing the Treasurer's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the accounts.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Julian Rickett

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants

London

Date: 31st May 2016

(a) The maintenance and integrity of the States of Jersey website is the responsibility of the States of Jersey; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website.

(b) Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

7.2 Report of the Comptroller and Auditor General to the States Assembly

In accordance with Article 12(1) of the Comptroller and Auditor General (Jersey) Law 2014, I have ensured that an audit of the financial statements of the States for the year ended 31 December 2015 has been completed. I have no matters to which I wish to draw the States' attention in accordance with Article 12(3) of the Comptroller and Auditor General (Jersey) Law 2014.

Karen McConnell

Karen McConnell
Comptroller and Auditor General

Jersey Audit Office
Lincoln Chambers (1st Floor)
31 Broad Street
St Helier, Jersey
JE2 3RR

Date: 31st May 2016

8 Primary Statements

8.1 States of Jersey Consolidated Statement of Comprehensive Net Expenditure (Operating Cost Statement) for the year ended 31 December 2015

	Notes	2015 £'000	Restated 2014 £'000
Revenue			
Levied by the States of Jersey			
Taxation revenue	5	(544,252)	(526,201)
Social Security Contributions	5	(190,839)	(173,588)
Island rates, duties, fees, fines and penalties	5	(105,742)	(101,428)
Total Revenue Levied by the States of Jersey		**(840,833)**	**(801,217)**
Earned through Operations			
Sales of goods and services	5	(162,934)	(154,435)
Investment income	5	(93,943)	(195,665)
Other revenue	5	(12,786)	(17,126)
Total Revenue Earned through Operations		**(269,663)**	**(367,226)**
Total Revenue		**(1,110,496)**	**(1,168,443)**
Expenditure			
Social Benefit Payments	6, 10	362,687	347,616
Staff costs	6, 11	370,633	364,050
Other Operating expenses	6	240,199	240,008
Grants and Subsidies payments	6, 12	43,009	45,479
Depreciation and Amortisation	6	68,241	77,310
Impairments	6	39,781	24,957
Losses on disposal of non-current assets	6	12,874	75
Finance costs	6, 13	24,895	21,190
Net foreign-exchange losses/(gains)	6	349	(571)
Movement in pension liability	6, 30, 31	(10,315)	31,266
Total Expenditure		**1,152,353**	**1,151,380**
Net Revenue Expenditure/(Income)		**41,857**	**(17,063)**
Other Comprehensive Income			
Items that will not be reclassified to Net Revenue Expenditure			
Revaluation of Property, Plant and Equipment		(160,504)	(56,810)
Actuarial gain in respect of Defined Benefit Pension Schemes		(136)	(637)
Items that may be reclassified subsequently to Net Revenue Expenditure			
Gain on Revaluation of Strategic Investments during the year		(45,200)	(3,900)
Reclassification adjustments for gains included in Net Revenue Expenditure		–	–
Gain on Revaluation of Other AFS Investments during the year		(1,221)	(774)
Reclassification adjustments for gains included in Net Revenue Expenditure		9	8
Total Other Comprehensive Income		**(207,052)**	**(62,113)**
Total Comprehensive Income		**(165,195)**	**(79,176)**

Notes

i. 2014 figures have been restated to reflect changes in Accounting Policies implemented in 2015, as detailed in Note 9.3

ii. The Notes in section 9 of this report form part of the financial statements

8.2 States of Jersey Consolidated Statement of Financial Position (Balance Sheet) as at 31 December 2015

	Notes	31 Dec 2015 £'000	Restated 31 Dec 2014 £'000	Restated 1 Jan 2014 £'000
Non-Current Assets				
Property, Plant and Equipment	14	3,403,454	3,279,466	3,249,587
Intangible Assets	15	7,684	9,538	10,705
Loans and Advances	17	8,782	9,870	10,038
Strategic Investments	18	362,900	317,700	313,800
Other Available for Sale investments	18	19,067	16,922	15,407
Infrastructure Investments	19	10,750	10,000	14,896
Investments held at Fair Value through Profit or Loss	20	2,165,927	2,098,488	2,032,520
Derivative Financial Instruments expiring after more than one year	29	–	–	–
Trade and Other Receivables	22	3,544	6	7
Total Non-Current Assets		**5,982,108**	**5,741,990**	**5,646,960**
Current Assets				
Other Non-Current Assets classified as held for sale	16	1,005	1,384	3,987
Inventories	21	51,921	39,932	35,566
Loans and Advances	17	1,555	1,443	1,202
Derivative Financial Instruments expiring within one year	29	–	–	174
Investments held at Fair Value through Profit or Loss	20	293,155	420,200	156,984
Trade and Other Receivables	22	181,023	175,592	163,053
Cash and Cash Equivalents	23	219,113	190,238	187,880
Total Current Assets		**747,772**	**828,789**	**548,846**
Total Assets		**6,729,880**	**6,570,779**	**6,195,806**
Current Liabilities				
Trade and Other Payables	24	(126,327)	(113,790)	(103,973)
Currency in Circulation	26	(109,588)	(103,759)	(100,608)
Finance Lease Obligations	27	(1,185)	(2,242)	(2,081)
Provisions for liabilities and charges	28	(989)	(512)	(1,471)
Derivative Financial Instruments expiring within one year	29	(233)	–	–
Total Current Liabilities		**(238,322)**	**(220,303)**	**(208,133)**
Total Assets Less Current Liabilities		**6,491,558**	**6,350,476**	**5,987,673**
Non-Current Liabilities				
Trade and Other Payables	24	(47)	–	–
External Borrowings	25	(243,112)	(243,030)	–
Finance Lease Obligations	27	(3,513)	(4,698)	(6,941)
Provisions for liabilities and charges	28	(12,288)	(10,846)	(6,650)
Derivative Financial Instruments expiring after more than one year	29	–	–	(346)
PECRS Pre-1987 Past Service Liability	30	(246,359)	(274,619)	(236,003)
Provision for JTSF Past Service Liability	30	(108,062)	(104,452)	(101,057)
Defined Benefit Pension Schemes Net Liability	31	(6,731)	(7,065)	(10,488)
Total Non-Current Liabilities		**(620,112)**	**(644,710)**	**(361,485)**
Assets Less Liabilities		**5,871,446**	**5,705,766**	**5,626,188**
Taxpayers' Equity				
Accumulated Revenue and Other Reserves		4,602,738	4,626,647	4,605,428
Revaluation Reserve		973,246	830,069	776,376
Investment Reserve		295,462	249,050	244,384
Total Taxpayers' Equity		**5,871,446**	**5,705,766**	**5,626,188**

Senator Alan Maclean
Date: 31st May 2016

Richard Bell
Treasurer of the States
Date:31st May 2016

Notes

i. 2014 figures have been restated to reflect changes in Accounting Policies implemented in 2015, as detailed in Note 9.3

ii. The Notes in section 9 of this report form part of the financial statements

8.3 States of Jersey Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 December 2015

	Notes	Accumulated Revenue and Other Reserves £'000	Revaluation Reserve £'000	Investment Reserve £'000	Total £'000
Balance 1 January 2014 (Restated)		**4,605,428**	**776,376**	**244,384**	**5,626,188**
Net Revenue Income		17,063	–	–	**17,063**
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	14	–	56,810	–	**56,810**
Gain on Revaluation of Strategic Investments during the year	18	–	–	3,900	**3,900**
Reclassification adjustments for gains/losses included in Net Revenue Income	18	–	–	–	**–**
Gain on Revaluation of Other AFS Investments during the year	18	–	–	774	**774**
Reclassification adjustments for gains included in Net Revenue Income	18	–	–	(8)	**(8)**
Actuarial Gain in respect of Defined Benefit Pension Schemes	31	637	–	–	**637**
Other Movements					
Release of Revaluation Reserve on Disposal		3,117	(3,117)	–	**–**
Other Movements		402	–	–	**402**
Balance 31 December 2014 (Restated)		**4,626,647**	**830,069**	**249,050**	**5,705,766**
Net Revenue Income		(41,857)	–	–	**(41,857)**
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	14	–	160,504	–	**160,504**
Gain on Revaluation of Strategic Investments during the year	18	–	–	45,200	**45,200**
Reclassification adjustments for gains/losses included in Net Revenue Expenditure	18	–	–	–	**–**
Gain on Revaluation of Other AFS Investments during the year	18	–	–	1,221	**1,221**
Reclassification adjustments for gains included in Net Revenue Expenditure	18	–	–	(9)	**(9)**
Actuarial Gain in respect of Defined Benefit Pension Schemes	31	136	–	–	**136**
Other Movements					
Release of Revaluation Reserve on Disposal		17,327	(17,327)	–	**–**
Other Movements		485	–	–	**485**
Balance 31 December 2015		**4,602,738**	**973,246**	**295,462**	**5,871,446**

Notes

i. 2014 figures have been restated to reflect changes in Accounting Policies implemented in 2015, as detailed in Note 9.3

ii. The Notes in section 9 of this report form part of the financial statements

8.4 States of Jersey Consolidated Statement of Cash Flows for the year ended 31 December 2015

	Notes	2015 £'000	Restated 2014 £'000
Cash Flows from Operating Activities			
Net Revenue Income	SoCNE	(41,857)	17,063
Adjustments for non-operating activities			
Investment Income	8	(58,804)	(51,751)
Gains on Financial Assets	9	(35,139)	(143,914)
Interest Expense	13	24,563	20,795
Adjustments for non-cash transactions			
Depreciation of Property, Plant and Equipment	7	65,982	74,957
Amortisation of Intangible Assets	7	2,259	2,353
Impairments of Non-Current Assets	7	36,842	22,059
Loss on disposal of Non-Current Assets	7	12,874	75
Donations of Assets	7	(153)	(116)
Movement in Pension Liabilities	30	(23,291)	38,504
Interest on Past Service Liabilities	13	(13,733)	(14,906)
Movement in Other Liabilities			
Increase in Provisions	28	1,919	3,237
Increase in Currency in Circulation	26	5,829	3,151
Operating Cash Flows before movements in Working Capital		**(22,709)**	**(28,493)**
Adjustments for movements in Working Capital			
Increase in Inventories	21	(11,989)	(4,366)
Increase in Trade and Other Receivables		(8,870)	(12,506)
Increase in Trade and Other Payables		12,694	10,556
Net Cash Outflow from Operating Activities		**(30,874)**	**(34,809)**
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(88,819)	(76,582)
Purchase of Intangible Assets		(407)	(1,186)
Proceeds on disposal of Property, Plant and Equipment		3,172	3,125
Proceeds on Assets Held for Sale		4,604	5,029
Interest received		11,285	10,825
Dividends received	8	46,982	40,894
Loans and Advances made		(1,247)	(2,343)
Loans and Advances repaid	17	2,223	2,269
Proceeds on Available for Sale Financial Assets		434	270
Proceeds on settlement of Derivatives		21	301
Proceeds on redemption of Strategic Investment	18	–	–
Issue of Infrastructure Investment	19	(750)	4,896
Purchases of Financial Assets held at Fair Value through Profit or Loss	35	(3,625,381)	(1,945,879)
Proceeds on disposal of Financial Assets held at Fair Value through Profit or Loss		3,720,626	1,760,481
Net Cash Outflow/(Inflow) from Investing Activities		**72,743**	**(197,900)**
Cash Flows from Financing Activities			
Proceeds from Long Term Borrowings	25	–	243,773
Capitalised Bond Costs		–	(1,334)
Bond Interest Paid		(9,376)	(4,688)
Capital Element of Finance Lease Rental Payments	27	(2,242)	(2,082)
Interest Element of Finance Lease Payments	13	(1,323)	(588)
Other Interest Paid	13	(49)	(22)
Net Cash Outflow/(Inflow) from Financing Activities		**(12,990)**	**235,059**
Net Increase in Cash and Cash Equivalents		**28,879**	**2,350**
Cash and cash equivalents at the beginning of the year	23	190,238	187,880
Losses/(gains) on Cash and Cash Equivalents	9	(4)	8
Cash and cash equivalents at the end of the year	**23**	**219,113**	**190,238**

Notes

i. 2014 figures have been restated to reflect changes in Accounting Policies implemented in 2015, as detailed in Note 9.3

ii. The Notes in section 9 of this report form part of the financial statements

9 Notes to the Accounts

9.1 Significant Accounting Policies

1 Introduction

1.1 These accounts have been prepared in accordance with the States of Jersey Financial Reporting Manual (JFReM) issued by the Treasurer of the States in order to meet the requirements of the Public Finances (Jersey) Law 2005. The accounting policies contained in the JFReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the Public Sector in Jersey. These accounts are prepared on a going concern basis.

1.2 The JFReM applicable to the 2015 financial year (including comparators) is based on the UK Financial Reporting Manual for the UK financial year ending 31 March 2014.

1.3 Where the JFReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the States of Jersey for the purpose of giving a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.4 The Accounting Policies applied in the preparation of these Accounts differ from those used for the 2014 accounts, as explained in Section 6.1. Previously reported figures for 2014 (including opening balances) have been restated to a comparable basis, and Note 9.3 reconciles these figures to those previously reported in the 2014 accounts.

2 IFRS in issue but not yet effective

2.1 A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012 following the approach of the relevant UK FReM. These standards have not been applied in preparing these consolidated financial statements. None of the changes are expected to have a significant effect on the JFReM, except the following set out below. The impact of the standards below will be assessed fully prior to implementation, however the current view is that these will have a limited impact of the financial statements of the group..

2.2 IFRS 13, 'Fair value measurement', which is planned to be adopted in the JFReM from 1 January 2017, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

2.3 IFRS 9 'Financial Instruments' was issued in November 2009 and October 2010. It has not yet been adopted by the EU. The JFReM will be amended to reflect the standard once adopted by the EU. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measure at amortised cost, i.e. the available-for-sale and held-to-maturity categories currently allowed under IAS 39 are not included in IFRS 9.

2.4 IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities' are planned to be adopted by the JFReM from 1 January 2016. The basis for determining the Accounting Boundary used by the States will be reassessed in light of these revised standards. There may also be additional disclosure requirements.

2.5 The detailed impact of these new and amended standards will be considered as part of the implementation of the version of the JFReM that adopts them.

2.6 There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Accounts.

Other Planned Amendments to the JFReM

2.7 Other amendments to the JFReM due to come in to effect in 2016 include amendments to IAS 27 'Consolidated and Separate Financial Statements' and 28 'Investments in Associates and Joint Ventures' to reflect the new standards in paragraph 2.5 above and clarifications of a number of other standards.

3 Accounting Convention

3.1 These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of Property, Plant and Equipment, Intangible Assets and Available-for-Sale Financial Assets and Financial Assets and Financial Liabilities (including derivative instruments) at fair value through profit or loss. A summary of the more important accounting policies is set out below.

4 Basis of Consolidation

4.1 These accounts comprise the consolidation of all entities within the States of Jersey consolidation boundary (the 'accounting boundary') as set out in the JFReM. The accounting boundary is defined with reference to applicable accounting standards except that the inclusion or exclusion of an entity is based on direct control rather than strategic control, which would normally be evidenced by the States, CoM or a Minister exercising in year control over operating practices, income, expenditure, assets or liabilities of the entity.

4.2 The principles of IAS 27, IAS 28 and IAS 31 for the determination of whether entities are subsidiary undertakings, associated undertakings or joint ventures are restricted to the first principle of direct control. Where this principle is not met and an entity within the accounting boundary has an investment in an entity outside the accounting boundary, this holding is treated as an investment in the group accounts.

4.3 For clarity, the relationships with JT Group Limited, Jersey Post International Limited, Jersey Electricity plc and Jersey New Waterworks Company Limited do not meet the first principle of direct control and therefore these are accounted for as strategic investments in these accounts.

4.4 The Housing Department and Jersey Airport and Harbours were incorporated into the separate legal entities Andium Homes Limited and Ports of Jersey Limited following States Assembly approval in 2014 and 2015 respectively. An assessment of whether the States had direct control over the newly formed companies was carried out and concluded that direct control still exists.

On that basis, Andium Homes Limited and Ports of Jersey Limited are inside the group boundary and therefore consolidated into the States Accounts rather than being treated as Strategic Investments.

4.5 Entities that fall within the accounting boundary, but which are immaterial to the accounts as a whole, have not been consolidated where to do so would result in excessive time or cost to the States. Entities that fall within the accounting boundary but which have not been consolidated are listed in Note 9.41.

4.6 Material transactions and balances between entities that fall within the accounting boundary have been eliminated as part of the consolidation process.

5 Non-Current Assets: Property, Plant and Equipment

5.1 Property, Plant and Equipment are initially recognised at cost. The States of Jersey capitalisation threshold is £10,000 for an initial purchase. There is no threshold for the capitalisation of subsequent expenditure on an asset. On completion, Assets Under Course of Construction are transferred into the appropriate asset category

5.2 Property, Plant and Equipment are subsequently measured at fair value, as interpreted by the JFReM. More details of the basis for valuation are given in Accounting Policy 7.

5.3 Finance costs incurred during the construction of tangible fixed assets are not capitalised.

Components of Assets

5.4 Components of an asset are separated where their value is significant in relation to the total value of the asset (at least 20%) and where those components have different useful lives to the remainder of the asset. Assets with a gross book value over £750,000 are reviewed to identify whether they comprise of significant components with different useful lives.

5.5 Land and Buildings are always identified as separate components.

5.6 Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component added.

Networked Assets

5.7 Networked assets represent the road network, the foul and surface water network and the Island's sea defence network.

- The road network consists of carriageways, including earthworks; tunnelling and road pavements; roadside communications and land within the perimeter of highways. Non-network assets include bridges and other structures.

- The foul and surface water network consists of foul sewers, surface water sewers, combined sewers and rising mains. Non-network assets include pumping stations and associated land and plant/machinery, and the Bellozanne and Bonne Nuit Sewage Treatment Works.
- The Sea Defences network consists of walls, slipways and outfalls. Non-network assets include harbours and quays.

5.8 Non-network assets are accounted for under their respective asset categories.

5.9 Subsequent expenditure on networked assets is capitalised where it enhances or replaces the service potential. Spending that does not replace or enhance service potential is expensed.

IT Software

5.10 Operating software, without which the related hardware cannot be operated, is capitalised, with the value of the related hardware, as Property, Plant and Equipment. Application software, which is not an integral part of the related hardware, is capitalised separately as an intangible asset (see Accounting Policy 6).

Heritage Assets

5.11 Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Non-operational assets are those held primarily for this purpose. Operational heritage assets are those that are also used for other activities or to provide other services.

5.12 Operational Heritage Assets are accounted for within the principal asset category to which they relate.

5.13 Non-operational assets (including for example works of art and antiques), have not been valued where the incomparable nature of the assets means a reliable valuation is not possible, or level of costs of valuation greatly exceed the additional benefits derived by users of the accounts. In these cases, no value is reported for these assets in the Statement of Financial Position.

5.14 Information about the Non-operational Heritage Assets held by the States is included in Note 9.14.

Donated Assets

5.15 Donated assets are capitalised at their fair valuation on receipt and are revalued/depreciated on the same basis as purchased assets. The amount capitalised is credited to Income.

Disposal

5.16 On disposal of an item of Property, Plant and Equipment, the surplus or deficit of proceeds over carrying value is included in Net Revenue Expenditure/Income.

6 Non-Current Assets: Intangible Assets

6.1 Purchased computer application software licences are capitalised as intangible assets.

6.2 Internally produced intangible assets, such as application software or databases, are capitalised if it meets the criteria specified in IAS 38. The criteria are that completion is technically feasible; that there is an intention to complete and then use or sell the asset; that the States is able to use or sell the asset; that the asset will generate future probable benefits; that there are sufficient resources to complete the development and to use or sell the asset; and that it is possible to measure the expenditure attributable to the asset during the development phase reliably. Expenditure on research is not capitalised. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

7 Valuation of Non-current assets other than Financial Instruments

7.1 Property, Plant and Equipment and Intangible Assets are expressed at their current value through the application of the Modified Historical Cost Accounting Convention (MHCA). In accordance with the JFReM, historical cost carrying amounts are not disclosed. The valuation of all Property, Plant and Equipment should be at fair value, which is the lower of replacement cost and recoverable amount, which is the higher of net realisable value and value in use. Where value in use cannot be measured in terms of income it is assumed to be at least equal to the cost of replacing the service potential provided by the asset. In certain circumstances depreciated historical cost is used as a proxy for current value such as where the assets have short useful lives (i.e. less than 10 years) or low values (i.e. less than £250,000).

7.2 Property assets are valued in accordance with IAS 16. An external valuation is performed by a RICS qualified valuer every 5 years. Interim valuations are performed after 3 years. The most appropriate basis of valuation has been determined by the valuers, and includes Existing Use Value (EUV), Existing Use Value – Social Housing (EUV-SH) and Depreciated Replacement Cost (DRC).

7.3 Assets under course of construction are valued at cost and are not revalued until completion and transferred into the appropriate asset category.

7.4 Networked assets, which are intended to be maintained at a specific level of service potential by continuing replacement and refurbishment, are valued at depreciated replacement cost. Annual valuations of networked assets are performed by professional valuers.

7.5 Operational heritage assets are valued in the same way as other assets of that general type. Non-operational heritage assets are valued as follows:

- Where purchased within the accounting period, at cost;
- Where there is a market in assets of that type, at the lower of depreciated replacement cost and net realisable value; or
- Where there is no market, at depreciated replacement cost unless the asset could not or would not be physically reconstructed or replaced in which case at nil.

7.6 There are some instances where valuation of non-operational heritage assets may not be practicable. In these cases the asset is carried at a value of nil.

7.7 Other non-current assets are carried at historical cost less accumulated depreciation or amortisation. This is a suitable proxy for fair value and is allowable per the JFReM for those assets with short useful lives or low values. This includes assets held as fixtures and fittings, IT equipment and intangible non-current assets.

7.8 Revaluation gains are recorded in the revaluation reserve and presented in Other Comprehensive Income. Downward revaluations are recorded in the revaluation reserve to the extent that they reverse previous upward revaluations. Downward revaluations below the historic cost of the asset are recorded in Net Revenue Expenditure/Income.

8 Depreciation and Amortisation

8.1 Depreciation for Property, Plant and Equipment, other than networked assets is provided on a straight line basis over the anticipated useful lives of the assets. The principal asset categories and their range of useful economic lives are outlined below:

Asset Category	Life
Land	Not depreciated
Buildings	Up to 75 years
Social Housing	Up to 80 years
Other Structures	Up to 100 years
Plant, Machinery and Fittings	3 to 50 years
Transport Equipment	2 to 20 years
IT equipment and software	3 to 10 years
Networked assets	*See Para 8.3*

8.2 Residual Values and Useful Economic Lives of Property, Plant and Equipment assets are reviewed and, if appropriate, amended at the end of each reporting period.

8.3 The annual depreciation charge for networked assets is the value of the service potential replaced through the maintenance programme, adjusted for any change in condition as identified by a condition survey. The value of the maintenance work undertaken is used as an indication of the value of the replaced part.

8.4 Intangible assets are amortised over their useful lives, which are typically between three to ten years, on a straight-line basis. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

8.5 Where an asset consists of several components which are significant in relation to the overall cost of the asset and with different useful economic lives, these will be componentised.

9 Impairments of non-current assets

9.1 Impairments are permanent diminutions in the service potential of non-current assets. All assets are assessed annually for indications of impairment, and where indications exist an impairment test is carried out by comparing their carrying value with their recoverable amount, this being the higher of the value in use and the fair value less costs to sell.

9.2 Impairment losses due to a loss in economic value or service potential are recognised in Net Revenue Expenditure. Other impairments (for example due to movements in market conditions) are recognised in Net Revenue Expenditure to the extent that it cannot be offset against the Revaluation Reserve. Any reversal of impairment charges are recognised in Net Revenue Expenditure to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised in Net Revenue Expenditure. The remaining amount is recognised in the revaluation reserve.

10 Non-Current Assets: Assets held for Sale

10.1 Assets held for sale are items of Property, Plant and Equipment, which are available for immediate sale in their present condition and are being actively marketed for sale with the sale expected to happen within one year, are valued at the lower of carrying amount and fair value less costs to sell and are not depreciated.

11 Investment Properties

11.1 The States of Jersey does not, in general, hold assets only for the purpose of earning rentals or for capital appreciation or both. Where the States does have assets which could be considered as being held primarily for investment purposes, these shall be accounted for as Property, Plant and Equipment.

12 Investments and other Financial Instruments

12.1 The States of Jersey recognises, measures and discloses financial instruments following the guidance in the JFReM.

Definitions

12.2 Financial Instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity instrument in another.

12.3 A financial asset is any asset that is: cash; an equity instrument of another entity; a contractual right to receive cash or another financial asset from another entity; or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable.

12.4 A financial liability is any liability that is; a contractual obligation to deliver cash or another financial asset to another entity; or a contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavourable.

12.5 An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Categories of financial instruments

12.6 The States of Jersey's financial instruments have been classified into the following categories:

- Loans and Receivables
- Strategic Investments
- Other Available-For-Sale Investments
- Infrastructure Investments
- Investments held at Fair Value through Profit or Loss
- Derivative Financial Instruments
- Other Financial Liabilities

Loans and Receivables

12.7 Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the entity intends to sell immediately or in the short term, which are classified as Held-For-Trading, and those that the entity upon initial recognition designates as at Fair Value through Profit or Loss;
- Those that the entity upon initial recognition designates as Available-For-Sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

12.8 For the States of Jersey, these include:

- Loans issued by Housing Funds
- Loans issued through the Agricultural Loans Fund
- Miscellaneous Loans made through the Consolidated Fund
- Debtors arising within the normal course of operations

Strategic Investments

12.9 Strategic Investments are companies outside the accounting boundary in which the States of Jersey has a controlling interest.

12.10 Strategic Investments are accounted for as 'Available-For-Sale' financial assets, although it should be noted that this does not indicate an intention to dispose of the States' interest.

12.11 Specifically, the States of Jersey recognises its investments in the following companies as Strategic Investments:

- JT Group Limited
- Jersey Post International Limited
- Jersey Electricity plc
- Jersey New Waterworks Company Limited

Other Available-For-Sale Investments

12.12 Available-For-Sale investments are non-derivative financial assets that are either designated in this category or not classified in any other categories and are intended to be held for an indefinite period of time (but may in some cases be sold in response to policy decisions).

12.13 For the States of Jersey, other Available-For-Sale Investments include:

- Housing Property Bonds issued under either the Social Housing Property Plan 2007–2016 (SHPP) or the Homebuyer scheme
- Infrastructure Investments

12.14 Infrastructure Investments involve taking an ownership interest in an infrastructure business (commonly defined as providing an essential service to the community). Most infrastructure assets are either bought from a government, a private equity firm, or are part of a listed company that is sold off. This is a long-term investment option providing higher returns than Cash investments while generating positive externalities for the Island. Infrastructure investments can be split into two main categories, Economic (e.g. Transport, Communications or other Utilities) or Social (e.g. Schools, Hospitals, Housing etc.).

Investments held at Fair Value through Profit or Loss

12.15 This category has two sub-categories:

- Financial assets Held-For-Trading; and
- Those designated at Fair Value through Profit or Loss at inception.

12.16 A financial asset or liability is classified as Held-For-Trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as Held-For-Trading unless they are designated as hedging instruments.

12.17 Financial assets and financial liabilities are designated at Fair Value through Profit or Loss when:

- doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as Held-For-Trading and the underlying financial instruments were carried at amortised cost such as loans and advances to customers or banks and debt securities in issue;
- a group of financial assets, financial liabilities or both is managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy;
- financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at Fair Value through Profit or Loss.

12.18 Investments held in the Common Investment Fund or with the States' Cash Manager are managed as a portfolio reported at Fair Value, and so the States has designated these investments at Fair Value through Profit or Loss. Individual Participants' investments in units in the Common Investment Fund are also designated as at Fair Value through Profit or Loss for the same reasons.

Derivative Financial Instruments

12.19 A derivative is a financial instrument or other contract within the scope of IAS 32 with all three of the following characteristics:

- its value changes in response to the change in an underlying variable (e.g. interest rates, equity share prices, exchange rates etc.);
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

12.20 Derivative instruments held as part of a managed portfolio held at Fair Value through Profit or Loss are included in the relevant investment line, unless they are material.

12.21 Other Derivative instruments held by the States of Jersey include:

- Letters of Comfort issued by the Housing Development Fund to various housing associations, which are in effect interest rate caps
- Forward contracts in foreign currency to mitigate the risk of fluctuations in foreign exchange rates.

12.22 The States does not designate any derivatives as part of hedging arrangements.

Other Financial Liabilities

12.23 Other Financial Liabilities include Financial Guarantee Contracts. These are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payments when due, in accordance with the terms of a debt instrument.

Initial measurement of financial instruments

12.24 Financial assets carried at Fair Value through Profit or Loss are initially recognised at Fair Value, and transaction costs are expensed in Net Revenue Expenditure.

12.25 Financial assets and liabilities not carried at Fair Value through Profit or Loss are initially recognised at Fair Value plus transaction costs.

Subsequent measurement of financial instruments

12.26 Loans and Receivables are subsequently measured at amortised cost using the effective interest method.

12.27 Strategic Investments are subsequently measured at Fair Value, with movements taken to equity through Other Comprehensive Income.

12.28 Other Available-For-Sale Investments are subsequently measured at Fair Value, with movements taken to equity through Other Comprehensive Income.

12.29 Infrastructure Investments can take a range of legal forms, and are accounted for using the measurement rules set out in IAS 39. Details of measurement bases for individual assets are given in Note 9.19.

12.30 Investments held at Fair Value through Profit or Loss are subsequently measured at Fair Value, with movements taken to Net Revenue Expenditure.

12.31 Derivative Financial Instruments are subsequently measured at Fair Value, with movements taken to Net Revenue Expenditure.

12.32 Other Financial Liabilities are measured at the higher of:

- the initial measurement, less amortisation calculated to recognise in Net Revenue Expenditure the fee income earned as the service is provided; and
- the best estimate of the probable expenditure required to settle any financial obligation arising at the reporting date, in line with the definitions of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

12.33 Any increase in the liability is taken to Net Revenue Expenditure. Where cash flows differ significantly from those used in the initial fair value calculation a revised calculation will be performed, and any movement taken to Net Revenue Expenditure.

Fair Value Estimation

12.34 The fair value of loans, receivables and non-derivative financial liabilities with a maturity of less than one year is judged to be approximate to their book values.

12.35 The fair value of loans, receivables and non-derivative financial liabilities with a maturity of greater than one year are estimated by discounting the future determinable cash flows at the higher of the discount rate set by the Treasurer and the intrinsic rate in the underlying financial instrument in accordance with the JFReM.

12.36 The fair value of investments designated at Fair Value through Profit or Loss, Strategic Investments, Other Available-For-Sale Investments and derivatives is estimated using observable market data. Where no observable market exists, the fair value has been determined using valuation techniques.

Impairment of Financial Assets

12.37 At each reporting date an assessment of whether there is objective evidence that a financial asset is impaired is carried out.

Assets carried at Amortised Cost

12.38 A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

12.39 The criteria that the States uses to determine that there is objective evidence of an impairment loss include:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- breach of loan covenants or conditions; and
- deterioration in the value of collateral.

12.40 The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account in the Statement of Financial Position and the amount of the loss is recognised in Net Revenue Expenditure. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

12.41 When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

12.42 If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account in the Statement of Financial Position and the amount of the reversal is recognised in Net Revenue Expenditure.

Assets classified as Available-For-Sale

12.43 In the case of equity investments classified as Available-For-Sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired.

12.44 If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Net Revenue Expenditure – is removed from equity and recognised in Net Revenue Expenditure.

Impairment losses recognised in Net Revenue Expenditure on equity instruments are not reversed through Net Revenue Expenditure.

12.45 If, in a subsequent period, the fair value of an equity instrument classified as Available-For-Sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in Net Revenue Expenditure, the impairment loss is reversed through Net Revenue Expenditure.

De-recognition of Financial Instruments

12.46 Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or where the States has transferred substantially all risks and rewards of ownership.

12.47 Financial liabilities are de-recognised when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

13 Accounting for investments held in the Common Investment Fund

13.1 Investments held in the Common Investment Fund (CIF) and associated transactions and balances are consolidated to the extent that they relate to members of the States of Jersey group, based on relative holdings in each investment pool.

13.2 Individual participants in the CIF account for their holding in the CIF as an investment in CIF units.

14 Inventory

14.1 Inventory is held at the lower of cost and net realisable value (NRV).

14.2 Inventory held for distribution at no/nominal charge and inventory held for consumption in the production process of goods to be distributed at no/nominal charge are valued at the lower of cost and current replacement cost.

14.3 Where a reduction in the carrying value of inventory held is identified, the value of the inventory is written down and the cost charged to Net Revenue Expenditure/Income.

14.4 Currency not issued is accounted for as inventory at the lower of cost and net realisable value.

15 Cash and Cash Equivalents

15.1 Cash comprises cash in hand, current balances with banks and similar institutions and amounts on deposits that are immediately available without penalty.

15.2 Overdrafts are shown separately in the accounts except where there exists a legal right of offset, and the States intends to settle on a net basis.

15.3 Cash Equivalents are short-term, highly liquid investments that are:

- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value; and
- are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

15.4 For the States, this includes amounts held by the States Cash Manager.

15.5 Investments held in the Common Investment Fund may have short maturity, but are held in line with the individual funds' Investment Strategies rather than to meet cash requirements, and so are not accounted for as cash equivalents.

16 Currency in Circulation

16.1 Currency in circulation is accounted for at face value.

17 Pensions

17.1 The States of Jersey operates two principal pension schemes for certain of its employees: Public Employees' Contributory Retirement Scheme (PECRS) and Jersey Teachers' Superannuation Fund (JTSF).

17.2 In addition three further pension schemes exist, the Jersey Post Office Pension Fund (JPOPF); the Discretionary Pension Scheme (DPS); and the Civil Service Scheme (CSS).

PECRS and JTSF

17.3 The PECRS and JTSF, whilst final salary schemes, are not conventional defined benefit schemes as the employer is not responsible for meeting any ongoing deficiency in the schemes. These schemes are therefore accounted for as defined contribution schemes.

17.4 Employer contributions to the schemes are charged to Net Revenue Expenditure in the year they are incurred. As both these schemes limit the liability of the States as the employer, scheme surpluses or deficits are only recorded within the States' accounts to the extent that they belong to the States.

17.5 Whilst the PECRS and JTSF are not included as defined benefit schemes in the States Accounts, additional disclosures required under IAS 19 for defined benefit schemes are included for the information for the users of the accounts.

Pensions Increases Liability (PIL)

17.6 It has been agreed that PECRS will pay all future increases to pensions and deferred pensions effective on or after 1 January 2015 in line with the annual increase in the Jersey Cost of Living Index, with no reduction.

Other Schemes

17.7 The JPOPF is a funded scheme which relates to Jersey Post International Limited (a wholly owned strategic investment), and is closed to new members. The last active member left service during 2009.

17.8 The DPS has only one member and is not open to new members.

17.9 The JPOPF and the DPS are accounted for as conventional defined benefit schemes in accordance with IAS 19, and scheme assets are held in separate funds.

17.10 The CSS relates to a non-contributory scheme that existed before the formation of PECRS in 1967, and as such is closed to new members. This is a non-funded scheme, and is accounted for as conventional defined benefit schemes in accordance with IAS 19. There are no active members remaining in service.

17.11 For the JPOPF and DPS pension scheme assets are measured using market values.

17.12 For the JPOPF, DPS and CSS scheme liabilities are measured using the projected unit credit method, discounted at the current rate of return on a high quality bond of equivalent term and currency to the liability.

17.13 Where appropriate, as detailed in the preceding paragraphs, actuarial gains and losses arising in the year from the difference between the actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions are included in the Statement of Comprehensive Net Expenditure only in so far as they belong to the States.

Other Liabilities relating to Pensions

17.14 In agreeing P.190/2005 the States agreed a 10-point agreement, the text of which is reproduced below:

1. The States confirms responsibility for the Pre-1987 Debt of £192.1 million as at 31 December 2001 and for its servicing and repayment with effect from that date on the basis that neither the existence of any part of the outstanding Debt nor the agreed method of servicing and repayment shall adversely affect the benefits or contribution rates of any person who has at any time become a member of the Scheme.

2. At the start of the servicing and repayment period, calculated to be 82 years with effect from 1 January 2002, the Employers' Contribution rate will be increased by 0.44% to the equivalent of 15.6%. These contributions will be split into 2 parts, namely a contribution rate of 13.6% of annual pensionable salary and an annual debt repayment. The Employer's Contribution rate will revert to 15.16% after repayment in full of the Debt.

3. During the repayment period the annual Debt repayment will comprise a sum initially equivalent to 2% of the Employers' total pensionable payroll, re-expressed as a cash amount and increasing each year in line with the average pay increase of Scheme members.

4. A statement of the outstanding debt as certified by the Actuary to the Scheme is to be included each year as a note in the States Accounts.

5. In the event of any proposed discontinuance of the Scheme, repayment and servicing of the outstanding Debt shall first be rescheduled by the parties on the advice of the Actuary to ensure that paragraph (1) above ("Point 1") continues to be fulfilled.

6. For each valuation the States Auditor shall confirm the ability of the States to pay off the Debt outstanding at that date.

7. If any decision or event causes the Actuary at the time of a valuation to be unable to continue acceptance of such servicing and repayment of the Debt as an asset of the Scheme, there shall be renegotiation in order to restore such acceptability.

8. In the event of a surplus being revealed by an Actuarial Valuation, negotiations for its disposal shall include consideration of using the employers' share to reduce or pay off the Debt.

9. As and when the financial position of the States improves there shall be consideration of accelerating or completing repayment of the Debt.

10. The recent capital payment by JTL of £14.3 million (plus interest) reduced the £192.1 million total referred to in (1) by £14.3 million and if any other capital payments are similarly made by other Admitted Bodies these shall similarly be taken into account.

17.15 This liability is recognised in the accounts based on the present value of future cash payments made under the agreement, with details given in Note 9.30.

17.16 The Teachers' Superannuation Fund was restructured in April 2007. The restructured scheme mirrors PECRS. A provision for past service liability, similar to the PECRS pre-87 past service liability, has been recognised, although this has not yet been agreed with the Scheme's Management Board.

18 Leases

18.1 Leases are agreements whereby the lessor conveys the right to use an asset for an agreed period in return for payments. At their inception, leases are classified as operating or finance leases.

18.2 Leases in which substantially all of the risks and rewards of ownership are transferred to the lessor are classified as finance leases, other leases are classified as operating leases. Where a lease covers the right to use both land and buildings, the risks and rewards of the land and the buildings are considered separately. Land is generally assumed to be held under an operating lease unless the title transfers to the Department at the end of the lease.

18.3 Arrangements whose fulfilment is dependent on the use of a specific asset or which convey a right to use an asset, are assessed at their inception to determine if they contain a lease. If an arrangement is found to contain a lease, that lease is then classified as an operating or finance lease. Transactions involving the legal form of a lease, such as sale and leaseback arrangements, are accounted for according to their economic substance.

The States as Lessee

18.4 Assets held under finance leases are capitalised in the appropriate category of non-current assets and depreciated over the shorter of the lease term or their estimated useful economic lives.

18.5 Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the finance lease payment is charged to Net Revenue Expenditure/Income over the period of the lease at a constant periodic rate in relation to the balance outstanding

18.6 Operating leases are charged to Net Revenue Expenditure/Income on a straight-line basis over the term of the lease. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the lease term.

The States as Lessor

18.7 Where the States of Jersey is the lessor under an operating lease, leased assets are recorded as assets and depreciated over their useful economic lives in accordance with the relevant accounting policy. Rental income from operating leases is recognised on a straight line basis over the period of the lease.

19 Provisions

19.1 A provision is recognised when the following three criteria are met, in line with the requirements in IAS 37 Provisions, Contingent Liabilities and Contingent Assets:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

19.2 The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

19.3 No discounts are applied to provisions unless the impact of the time value of money is material. Where a discount is applied this is stated in the notes to the accounts together with the discount rate applied. The discount rate is set by the Treasurer of the States.

20 Contingent Liabilities and Contingent Assets

20.1 Contingent liabilities and contingent assets are not recognised as liabilities or assets in the statement of financial position, but are disclosed in the notes to the accounts.

20.2 A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by uncertain future events or it is a present obligation arising from past events that are not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably estimated.

20.3 A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the States.

20.4 Where the time value of money is material, the contingent liabilities and assets are stated at discounted amounts.

21 Taxpayers' Equity

21.1 Taxpayers' Equity represents the taxpayers' interest in the States of Jersey, which equates to both the total value of Net Assets held by the States, and an accumulation of net income and other gains and losses over the years. Reserves are split based on how the interest has arisen (as explained below).

Accumulated Revenue and Other Reserves

21.2 The Accumulated Revenue and Other Reserves represent the cumulative balances of surpluses and deficits recorded by the States of Jersey.

Revaluation Reserve

21.3 The revaluation reserve reflects the unrealised balance of cumulative revaluation adjustments to Property, Plant and Equipment and Intangible Non-Current Assets other than donated assets. Details of the basis of valuation are set out in Accounting Policy 7. When an asset is disposed any balance in the revaluation reserve is transferred to the Accumulated Revenue and Other Reserves.

Investment Reserve

21.4 The investment reserve reflects the unrealised balance of cumulative revaluation adjustments to the States' Strategic Investments, Housing Bonds, and other Financial Assets for which gains and losses are not recognised in Net Revenue Expenditure during the year.

22 Revenue Recognition

22.1 Revenue is divided into two main categories – revenue levied by the States of Jersey and revenue earned through operations.

Revenue earned through operations

22.2 Revenue earned through operations is accounted for in line with IAS 18, which requires specifically that:

- income from the sale of goods should be recognised on transfer of the risks and rewards of ownership in those goods;
- income from the performance of services should be recognised on the degree of performance;
- interest income should be recognised using the effective interest method;
- dividends receivable should be recognised when the Department becomes entitled to them; and
- income from permitting others to use the Department's assets should be recognised on an accruals basis in accordance with the terms of the contract.

Revenue levied by the States of Jersey

22.3 Revenue levied by the States of Jersey is measured at the value of the consideration received or receivable net of:

- Repayments; and
- Adjustments following appeals (in the case of Income Tax).

22.4 Revenue is recognised when: a taxable or other relevant event has occurred, the revenue can be measured reliably and it is probable that the economic benefits from the taxable or other event will flow to the States of Jersey.
The 'tax gap', which is defined as the difference between the hypothetical amount of revenues due based on data on economic activity and revenues receivable, is not not measured or recognised.

22.5 Taxable or other relevant events for the material income streams are as follows:

- Income Tax: when a final assessment is raised for Prior Year Basis taxpayers and when a final provisional assessment is raised for Current Year Basis taxpayers;
- Goods and Services Tax (GST): when a taxable activity is undertaken during the taxation period by the taxpayer. Fees payable by International Service Entities are recognised on an accruals basis and are included in total GST receipts in Net Revenue Expenditure;
- Social Security Contributions: on an accruals basis, in the same period as the earnings to which they relate;
- Long Term Care Contributions: in the year the assessed income is earned. Estimates are made based on provisional assessments of income;
- Impôts Duties: when the goods are landed in Jersey;
- Stamp Duty: when the stamps are sold.
- Fees and Fines: when the fee or fine is imposed;
- Seizure of assets: when the court order is made; and
- Island rates: when the assessment is raised. Island Rates are charged on a calendar year basis and assessments are raised in the second half of the calendar year. Income is recognised in the period for which the rates are charged.

23 Staff

23.1 Staff Costs include expenditure relating to States Staff, Non-States staff and other expenditure relating to the employment of Staff.

23.2 States Staff are defined as: Persons employed under an employment contract directly with the States of Jersey, Persons holding an office or appointment in the States (by crown appointment or otherwise), and States Members.

23.3 Non-States Staff are defined as: Persons who do not qualify as States Staff (defined above), but are acting as employees of the States of Jersey.

24 Employee benefits

24.1 The States accrues for the cost of accumulated compensated absences. This is accounted for when an employee renders services that increase their entitlement to future compensated absences. It is calculated based on salary and allowances.

25 Grants

25.1 Grants received and made are recognised in Net Revenue Expenditure/Income so as to match the underlying event or activity that gives rise to a liability.

26 Accounting for Goods and Services Tax

26.1 GST charged/paid is fully recoverable, and so income and expenditure is shown net of GST.

27 Foreign Exchange

27.1 Both the functional and presentation currency is Sterling.

27.2 Transactions that are denominated in a foreign currency are translated into Sterling at the rate ruling at the date of each transaction.

27.3 Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate applicable at the reporting date or on the date of settlement. Exchange differences are reported in Net Revenue Expenditure.

28 Third Party Assets

28.1 The States of Jersey holds certain monies and other assets on behalf of third parties. These are not recognised in the accounts where the States of Jersey does not have a direct beneficial interest in them.

28.2 Where assets have been seized following a court order, these are held within the Criminal Offences Confiscation Fund, Civil Assets Recovery Fund or the Drug Trafficking Confiscation Fund which are consolidated into the group results of the States of Jersey.

29 Losses and Special Payments

29.1 Special Payments are those which fall outside the normal day-to-day business of the entity.

29.2 Losses are recognised when they occur. Special Payments are recognised when there is a legal or constructive obligation for them to be paid.

29.3 Losses and Special Payments are accounted for net of any directly recoverable amounts, but gross of insurance claims.

30 Related Party Transactions

30.1 For the purpose of disclosure of Related Party Transactions, Key Management Personnel are considered to be the Council of Ministers, Assistant Ministers and Accounting Officers subject to remuneration disclosures. These include short term employee benefits, post-employment benefits (pensions) and termination benefits.

9.2 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the States' accounting policies, which are described in this note, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Valuation of Assets

In determining the value of property assets under IAS 16 'Property, Plant and Equipment', there is a degree of uncertainty and judgement involved. The Statement of Comprehensive Net Expenditure, and Statement of Financial Position items relating to the States' accounting for valuation of properties under IAS 16 are based on external professional valuations. The States use external professional valuers to determine the relevant amounts. With market conditions that currently prevail there is likely to be a greater than usual degree of uncertainty.

In determining the value of Social Housing assets, the appointed external professional valuers have adopted an existing use value using a discount rate for income of 5.75% per annum.

Investments, other than those held for strategic purposes, are accounted for at fair value. If a market value cannot be readily ascertained, the investment is valued in line with the applicable standards, using methods determined by the Treasurer of the States, to be appropriate in the circumstances. Market value is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with quoted prices will have a lesser degree of judgement used in measuring fair value. Fair values determined through the use of models or other valuation methodologies will have a higher degree of judgement due to the assumptions used in the valuation.

Valuation of Pensions and Past Service Debt

Public Employees Contributory Retirement Scheme (PECRS)

The Treasurer has determined to recognise the PECRS scheme as a defined contribution scheme in accordance with the definition provided in IAS 19 (paragraph 8) which states defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Treasurer considers that the PECRS Scheme meets the definition of a defined contribution scheme as the States contribution rates are defined and any future deficits are paid for by the employees, whether by reduced benefits or increased payments. To arrive at this conclusion, consideration has been given to:

FIXED CONTRIBUTIONS

The employer contributions rate into PECRS is fixed at 13.6% for all existing scheme members in accordance with the ten point agreement (detailed in Note 9.1) so the States of Jersey cannot legally be required to make additional contributions.

LEGAL OR CONSTRUCTIVE OBLIGATIONS

The Public Employees Contributory Retirement Scheme Regulations provide no legal obligation on the States to increase the employer contribution rate to fund a past service deficit and the Public Employees Pension Law 2015 introduced a cost cap in Law for the maximum the States of Jersey will pay towards future service costs of the public service pension. The funding and risk sharing arrangements require any past service funding deficits to be recovered from changes to benefits.

This position was tested in 2010 when future annual increases were restricted to 0.3% below the RPI to address an actuarial deficit in the scheme. This demonstrated that the States could determine to reduce benefits and not have an obligation to increase employer contributions to offset any such reduction. The 0.3% reduction was levied in 2011 and 2012, and again, the States were not obligated to fund it, other than for the cost of a small number of 1967 members who were protected in legislation from suffering a reduction in benefits and so recorded in the accounts under IAS 19 as the "Pension Increase Liability".

Scheme member communication materials for both PECRS and JTSF clearly inform scheme members that a pension increase in line with Jersey RPI is not guaranteed and is dependent on the performance of the Funds.

IAS 37 (paragraph 10) defines a constructive obligation as an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities. It is the Treasurer's view that the past practice of the States in respect of how scheme deficits have been dealt with in addition to the clear position outlined in communication with scheme members is proof that there is no constructive obligation for the scheme.

PECRS Pre 87 Debt

The ten point agreement referenced above and detailed in Note 9.1 formed the basis of establishing the Pre-1987 debt in Regulations. The debt repayments are made in accordance with this agreement and subject only to inflationary increases, for a stated period of time and limited to payments to the fund as an additional element of an already fixed contribution rate. Contrary to the specific "Pension Increase Liability" relating to 1967 members which was recognised under IAS 19, the States is not responsible for any ongoing deficit in the scheme for pre 1987 debts. On that basis the Treasurer has assessed that the payments do not trigger a requirement for the scheme as a whole to be reflected as a defined benefit scheme.

The Treasurer has designated the PECRS pre87 debt as a financial instrument measured at fair value through profit and loss and applied JFReM paragraph 9.2.6 c) to enable the future cash flows to be discounted to fair value. Only finance expenses in relation to unwinding of the debt are recognised with no actuarial losses or gains recognised. 9.2.6 c) states:

> "Where future cash flows are discounted to measure fair value, entities should use the higher of the rate intrinsic to the financial instrument and the real discount rate set by the Treasurer of the States as applied to the flows expressed in current prices".

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A contract exists in the form of the 10 point agreement. Accordingly, the Treasurer considers it appropriate to measure the pre 87 debt liability as a financial instrument in accordance with IAS 39. The "intrinsic" rate has been provided by actuaries to reflect an independent expert assessment of the discount rate.

Jersey Teachers Superannuation Fund (JTSF)

The Jersey Teacher Superannuation Fund shares many attributes with the PECRS scheme and has been recognised as a defined contribution scheme accordingly. The employer contribution into JTSF is fixed at 16.4% and defined in the Teachers' Superannuation (New Members) (Jersey) Order 2007 which was introduced at the point in time the Pension Increase Debt was established. There is no facility in Regulations for employers to pay a different amount other than to fund ill-health or early retirement of scheme members.

There is no established pattern of past practice, published policies or a sufficiently specific current statement that the States has indicated to the JTSF that it will accept responsibilities beyond the repayment of the pre-2007 debt. The States has done nothing to create a valid expectation on behalf of JTSF that it will pay further contributions if JTSF does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

JTSF Past Service Debt Provision

The JTSF was restructured in April 2007 and now mirrors PECRS. The Treasurer has taken the payments towards the pre 2007 debt to create a valid constructive obligation in accordance with IAS 37 and recognised a provision for past service liability, similar to the PECRS Pre 1987 past service liability, although this has not yet been agreed with the Fund's Management Board.

Similarly to the PECRS Pre 1987 debt, the provision will be extinguished by payments linked solely to a percentage of the employees' salary – other assumptions required by IAS 19 such as mortality rates are not applicable.

Sensitivity analysis carried out to validate the provision identified a range of potential discount rates (from an indicative bond yield of 3.75% to the 6.5% advised by the JTSF scheme actuary in its last scheme valuation) and projected time horizons of payments (from 2043 to 2070) for the discharge of the £108m provision. The

Treasurer considers the most appropriate basis for measuring the provision to be the valuation provided by the Scheme actuary which reflects the best estimate of the expenditure required to settle the present obligation as at 31 December 2015.

Current Year Basis Income Tax Recognition

The recognition policy for income tax attributable to Current Year Basis (CYB) taxpayers has been changed in 2015 to recognise the tax income in the year of assessment based on a provisional assessment of taxpayer liability. The methodology to provide a reliable estimate is based upon a combination of IT IS payments actually made in the year, relating to the Year Of Assessment (YOA) and deducted from actual income, and prior year actual assessments. This methodology has been proven to be a reliable estimate of earned income liabilities for CYB taxpayers and therefore determined an appropriate basis for recognising the income in the year the payments are received.

Strategic Investments

The States hold a number of strategic investments (see Accounting Policy 12 for details).

For Jersey Electricity plc the value has been determined by using the market value of the shares calibrated to reflect the lack of liquidity and any other appropriate characteristics of the asset determined by the Treasurer, taking into account industry guidelines on valuation. These adjustments have a limited impact on the valuation which is most significantly influenced by the underlying share price at the year end. Variations in the share price (for example as a result of market and investor sentiment as a result of significant events/press releases) will directly affect the valuation of the States' Investment in the company. A comparable company methodology has been used for the valuation of the equity share elements of the other Strategic investments and, again, calibrated to reflect the lack of liquidity and any other appropriate characteristics of the assets as determined by the Treasurer. The most recent earnings before interest, taxes, depreciation and amortisation (EBITDA) have obtained from the companies. Comparable companies have been reviewed from the market and their multiple obtained. Additionally industry multiples have been obtained and included to calculate an estimation of the value of the company. Calibration for the lack of liquidity of the unquoted companies has been considered as part of the valuation methodology.

	JT Group Limited	Jersey New Waterworks Company Limited	Jersey Post International Limited
Multiple	7.6	10.1	6.8

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique. Therefore, the values presented herein may not be indicative of the amount which the States could realise on sale of its holdings. An analysis of the impact of a change in the key assumptions used is also included below.

	JT Group Limited	Jersey New Waterworks Company Limited	Jersey Post International Limited
Multiple *An increase/ decrease of 1 in the multiple would lead to an approximate decrease/increase in the value of:*	£30.6 million	£4.7 million	£2.4 million
EBITDA *An increase/ decrease in forecast EBITDA of 5% would lead to an approximate decrease/increase in the value of:*	£11.7 million	£2.4 million	£0.9 million

Preference Shares have been valued using a Dividend Valuation Model, which applies discounted cash flow methodologies to the dividends expected to be received in relation to the shares. The discount rate applied is the higher of the intrinsic rate of the instrument (based on market information on comparable instruments), and the discount rate set by the Treasurer of the States (currently 6.1%).

9.3 Changes to Accounting Standards

Adoption of new and revised standards

For the 2015, there have been four changes to prior period accounts, described below. Previous years statements have been restated to be on a comparable basis, and details of the changes made are set out in the tables below.

Change to Recognition of Income Tax – Current Year Basis

The collection of current year basis (CYB) tax was introduced in 2006 at the same time that proportional allowances were introduced. Prior to that date all tax was collected on a prior year basis and new taxpayers did not pay tax in the first year. Assessments were created a year in arrears and income recognised in the year that the assessment was raised. i.e. Assessments for 2004 income were raised and paid in 2005.

Taxpayers that existed prior to 2006 continue to be assessed on a prior year basis. All new taxpayers since 2006 with employment income have tax collected via their salaries in the year in which they earn it but the final assessment was not raised until the following year and the tax collected was accounted for as a payment in advance.

In order to reflect the now significant proportion of income tax revenue collected from CYB taxpayers and given the demonstrable accuracy of estimates of their eventual tax liability, the accounting policy has been changed to recognise CYB tax revenues in the year in which the income accrues based on estimated assessments.

Prior Period Error – Social Security Contributions Accrual

Social Security Contributions are collected by the Social Security Fund and Health Insurance Fund based on individuals earnings. Social Security Contributions are, in general, paid after the relevant quarter has finished. For example Quarter D schedules are due to be submitted by 15 January, with payment due on demand but typically 7 working days after processing. In addition, employers with more than 80 employees are required to pay monthly on account.

Some, but not all, income relating to Quarter D would therefore be received before the end of the year. As such, an accrual is necessary to recognise the correct level of contribution income for Quarter D. Income not received from previous quarters is recognised as a Debtor, rather than an accrual. The calculation of the accrual has historically been based on income forecasting, with an accrual posted to ensure that income matches the expected forecast for the year.

Given accurate income forecasting, the above methodology should have generated suitable accruals. However, any inaccuracies in income recognised in prior periods would never be corrected. This would manifest as a rolling difference in the level of the accrual. A detailed review of the basis of the contribution accrual was carried out as part of the year end procedures, which considered the level of the accrual against the cash that was expected to be received. Following this review, it was determined that the level of the accrual was too high.

There has been no change in the accounting policy, which remains recognition on an accruals basis. The accrual has been updated through a review of the way in which it is calculated, and additional information is being used. However, this information was not “new” and could reasonably have been expected to have been available for the preparation of the relevant financial statements. This change is therefore considered to be a prior period error, and due to the amount is a material error.

Change to the valuation for assets in Ports of Jersey

A review of the underlying methodology used to value a number of assets previously held by Jersey Airport and Jersey Harbours and now held by Ports of Jersey has identified a duplication in asset valuations as at the previous full valuation for 31 December 2012. The valuations in 2012 applied depreciated replacement cost (DRC) and capitalised income valuations for a number of tangible assets making up an income generating operation. On review, this methodology has been considered to duplicate the valuation of those tangible assets and, as such, an adjustment has been made to prior years to reflect the position that would have been recognised had a DRC only methodology been adopted.

The 2015 valuation has applied DRC valuations only for the underlying tangible assets concerned.

Change to Recognition of Loans in Housing Loan Funds

The Housing Loan Funds (Dwelling Houses Loan Fund, 99 Year Leaseholders Fund and Assisted House Purchase Scheme) provide loans for various purposes. In the original accounting for these loans, any amounts that were due and owed were shown net of each other within the financial statements.

Following a review of these, it was deemed that these amounts should be shown gross, and therefore the prior year financial statements have been restated to show the gross position of the loans, receivables and payables, rather than the net position.

9.3a Restated consolidated Statement of Financial Position as at 31 December 2014

	Previously Reported £'000	Current Year Basis Taxpayers £'000	Social Security Error £'000	Ports Valuation Change £'000	Advances in Loan Funds £'000	Restated £'000
Non-Current Assets						
Property, Plant and Equipment	3,304,209	–	–	(24,743)	–	**3,279,466**
Intangible Assets	9,538	–	–	–	–	**9,538**
Loans and Advances	9,856	–	–	–	14	**9,870**
Strategic Investments	317,700	–	–	–	–	**317,700**
Other Available for Sale investments	16,922	–	–	–	–	**16,922**
Infrastructure Investments	10,000	–	–	–	–	**10,000**
Investments held at Fair Value through Profit or Loss	2,098,488	–	–	–	–	**2,098,488**
Derivative Financial Instruments expiring after more than one year	–	–	–	–	–	**–**
Trade and Other Receivables	6	–	–	–	–	**6**
Total Non-Current Assets	**5,766,719**	**–**	**–**	**(24,743)**	**14**	**5,741,990**
Current Assets						
Non-Current Assets classified as held for sale	1,384	–	–	–	–	**1,384**
Inventories	39,932	–	–	–	–	**39,932**
Loans and Advances	1,443	–	–	–	–	**1,443**
Derivative Financial Instruments expiring within one year	–	–	–	–	–	**–**
Investments held at Fair Value through Profit and Loss	420,200	–	–	–	–	**420,200**
Trade and Other Receivables	184,159	13,264	(21,868)	–	37	**175,592**
Cash and Cash Equivalents	190,238	–	–	–	–	**190,238**
Total Current Assets	**837,356**	**13,264**	**(21,868)**	**–**	**37**	**828,789**
Total Assets	**6,604,075**	**13,264**	**(21,868)**	**(24,743)**	**51**	**6,570,779**
Current Liabilities						
Trade and Other Payables	(168,140)	54,401	–	–	(51)	**(113,790)**
Currency in Circulation	(103,759)	–	–	–	–	**(103,759)**
Finance Lease Obligations	(2,242)	–	–	–	–	**(2,242)**
Provisions for liabilities and charges	(512)	–	–	–	–	**(512)**
Total Current Liabilities	**(274,653)**	**54,401**	**–**	**–**	**(51)**	**(220,303)**
Total Assets Less Current Liabilities	**6,329,422**	**67,665**	**(21,868)**	**(24,743)**	**–**	**6,350,476**
Non-Current Liabilities						
External Borrowings	(243,030)	–	–	–	–	**(243,030)**
Finance Lease Obligations	(4,698)	–	–	–	–	**(4,698)**
Provisions for liabilities and charges	(10,846)	–	–	–	–	**(10,846)**
Derivative Financial Instruments expiring after more than one year	–	–	–	–	–	**–**
PECRS Pre-1987 Past Service Liability	(274,619)	–	–	–	–	**(274,619)**
Provision for JTSF Past Service Liability	(104,452)	–	–	–	–	**(104,452)**
Defined Benefit Pension Schemes Net Liability	(7,065)	–	–	–	–	**(7,065)**
Total Non-Current Liabilities	**(644,710)**	**–**	**–**	**–**	**–**	**(644,710)**
Assets Less Liabilities	**5,684,712**	**67,665**	**(21,868)**	**(24,743)**	**–**	**5,705,766**
Taxpayers' Equity						
Accumulated Revenue and Other Reserves	4,581,895	67,665	(21,868)	(1,045)	–	**4,626,647**
Revaluation Reserve	853,767	–	–	(23,698)	–	**830,069**
Investment Reserve	249,050	–	–	–	–	**249,050**
Total Taxpayers' Equity	**5,684,712**	**67,665**	**(21,868)**	**(24,743)**	**–**	**5,705,766**

9.3b Restated consolidated Statement of Financial Position as at 1 January 2014

	Previously Reported £'000	Current Year Basis Taxpayers £'000	Social Security Error £'000	Ports Valuation Change £'000	Advances in Loan Funds £'000	Restated £'000
Non-Current Assets						
Property, Plant and Equipment	3,270,371	–	–	(20,784)	–	**3,249,587**
Intangible Assets	10,705	–	–	–	–	**10,705**
Loans and Advances	10,029	–	–	–	9	**10,038**
Strategic Investments	313,800	–	–	–	–	**313,800**
Other Available for Sale investments	15,407	–	–	–	–	**15,407**
Infrastructure Investments	14,896	–	–	–	–	**14,896**
Investments held at Fair Value through Profit or Loss	2,032,520	–	–	–	–	**2,032,520**
Derivative Financial Instruments expiring after more than one year	–	–	–	–	–	**–**
Trade and Other Receivables	7	–	–	–	–	**7**
Total Non-Current Assets	**5,667,735**	**–**	**–**	**(20,784)**	**9**	**5,646,960**
Current Assets						
Non-Current Assets classified as held for sale	3,987	–	–	–	–	**3,987**
Inventories	35,566	–	–	–	–	**35,566**
Loans and Advances	1,202	–	–	–	–	**1,202**
Derivative Financial Instruments expiring within one year	174	–	–	–	–	**174**
Investments held at Fair Value through Profit and Loss	156,984	–	–	–	–	**156,984**
Trade and Other Receivables	176,520	10,403	(23,935)	–	65	**163,053**
Cash and Cash Equivalents	187,880	–	–	–	–	**187,880**
Total Current Assets	**562,313**	**10,403**	**(23,935)**	**–**	**65**	**548,846**
Total Assets	**6,230,048**	**10,403**	**(23,935)**	**(20,784)**	**74**	**6,195,806**
Current Liabilities						
Trade and Other Payables	(153,094)	49,195	–	–	(74)	**(103,973)**
Currency in Circulation	(100,608)	–	–	–	–	**(100,608)**
Finance Lease Obligations	(2,081)	–	–	–	–	**(2,081)**
Provisions for liabilities and charges	(1,471)	–	–	–	–	**(1,471)**
Total Current Liabilities	**(257,254)**	**49,195**	**–**	**–**	**(74)**	**(208,133)**
Total Assets Less Current Liabilities	**5,972,794**	**59,598**	**(23,935)**	**(20,784)**	**–**	**5,987,673**
Non-Current Liabilities						
External Borrowings	–	–	–	–	–	**–**
Finance Lease Obligations	(6,941)	–	–	–	–	**(6,941)**
Provisions for liabilities and charges	(6,650)	–	–	–	–	**(6,650)**
Derivative Financial Instruments expiring after more than one year	(346)	–	–	–	–	**(346)**
PECRS Pre-1987 Past Service Liability	(236,003)	–	–	–	–	**(236,003)**
Provision for JTSF Past Service Liability	(101,057)	–	–	–	–	**(101,057)**
Defined Benefit Pension Schemes Net Liability	(10,488)	–	–	–	–	**(10,488)**
Total Non-Current Liabilities	**(361,485)**	**–**	**–**	**–**	**–**	**(361,485)**
Assets Less Liabilities	**5,611,309**	**59,598**	**(23,935)**	**(20,784)**	**–**	**5,626,188**
Taxpayers' Equity						
Accumulated Revenue and Other Reserves	4,571,316	59,598	(23,935)	(1,551)	–	**4,605,428**
Revaluation Reserve	795,609	–	–	(19,233)	–	**776,376**
Investment Reserve	244,384	–	–	–	–	**244,384**
Total Taxpayers' Equity	**5,611,309**	**59,598**	**(23,935)**	**(20,784)**	**–**	**5,626,188**

9.3c Restated Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 December 2014

	Previously Reported £'000	Current Year Basis Taxpayers £'000	Social Security Error £'000	Ports Valuation Change £'000	Advances in Loan Funds £'000	Restated £'000
Continuing Operations						
Revenue						
Levied by the States of Jersey						
Taxation revenue	(518,134)	(8,067)	–	–	–	(526,201)
Social Security Contributions	(171,520)	–	(2,068)	–	–	(173,588)
Island rates, duties, fees, fines and penalties	(101,428)	–	–	–	–	(101,428)
Total Revenue Levied by the States of Jersey	**(791,082)**	**(8,067)**	**(2,068)**	**–**	**–**	**(801,217)**
Earned through Operations						
Sales of goods and services	(154,435)	–	–	–	–	(154,435)
Investment income	(195,665)	–	–	–	–	(195,665)
Other revenue	(17,126)	–	–	–	–	(17,126)
Total Revenue Earned through Operations	**(367,226)**	**–**	**–**	**–**	**–**	**(367,226)**
Total Revenue	**(1,158,308)**	**(8,067)**	**(2,068)**	**–**	**–**	**(1,168,443)**
Expenditure						
Social Benefit Payments	347,616	–	–	–	–	347,616
Staff costs	364,050	–	–	–	–	364,050
Other Operating expenses	240,008	–	–	–	–	240,008
Grants and Subsidies payments	45,479	–	–	–	–	45,479
Depreciation and Amortisation	77,816	–	–	(506)	–	77,310
Impairments	24,957	–	–	–	–	24,957
Gains on disposal of non-current assets	75	–	–	–	–	75
Finance costs	21,190	–	–	–	–	21,190
Net foreign-exchange gains	(571)	–	–	–	–	(571)
Movement in pension liability	31,266	–	–	–	–	31,266
Total Expenditure	**1,151,886**	**–**	**–**	**(506)**	**–**	**1,151,380**
Net Revenue Income	**(6,422)**	**(8,067)**	**(2,068)**	**(506)**	**–**	**(17,063)**
Other Comprehensive Income						
Items that will not be reclassified to Net Revenue Expenditure						
Revaluation of Property, Plant and Equipment	(61,275)	–	–	4,465	–	(56,810)
Actuarial Gain in respect of Defined Benefit Pension Schemes	(637)	–	–	–	–	(637)
Items that may be reclassified subsequently to Net Revenue Expenditure						
Gain/Loss on Revaluation of Strategic Investments during the year	(3,900)	–	–	–	–	(3,900)
Reclassification adjustments for gains/losses included in Net operating costs	–	–	–	–	–	–
Gain/Loss on Revaluation of Other AFS Investments during the year	(774)	–	–	–	–	(774)
Reclassification adjustments for gains/losses included in Net operating costs	8	–	–	–	–	8
Total Other Comprehensive Income	**(66,578)**	**–**	**–**	**4,465**	**–**	**(62,113)**
Total Comprehensive Income	**(73,000)**	**(8,067)**	**(2,068)**	**3,959**	**–**	**(79,176)**

9.4 Segmental Analysis

The Corporate Management Board receive financial reports quarterly that include information on General Revenue Income Streams, Ministerial Departments, Non-Ministerial Departments (in aggregate) and Trading Operations, and these are therefore considered to be the operating segments of the States of Jersey. This split is based on lines of accountability within the organisation. Amounts charged and paid to other entities within the Accounting Boundary are not eliminated in these reports.

The Accounts and accompanying Unaudited Annex include a large amount of detailed information on these segments (and other entities in the Accounting Boundary, such as Separately Constituted (Special) funds).

In particular, the Treasurer's report includes tables showing Net Revenue Income/Expenditure for each income stream and department compared to prior years results.

Statements of Comprehensive Net Expenditure and Statements of Financial Position for individual departments are also included in the Unaudited Annex to the Accounts. These pages also include information about the income streams comprising each departments revenue.

The tables below reconcile amounts included in these statements to that included in the Consolidated Statements.

9.4a Segmental Analysis – Statement of Comprehensive Net Expenditure for the year ended 31 December 2015

	General Revenue Income	Ministerial Depts	Non-Ministerial Depts and the States Assembly	Other Consolidated Fund	Total Consolidated Fund	Trading Operations (excluding Jersey Airport and Jersey Harbours)	Jersey Airport and Jersey Harbours[1]	Special Funds and the CIF	Social Security Funds	SOJDC	Andium Homes Limited	Ports of Jersey Limited[1]	Total SOJ
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Revenue	695,002	95,357	3,582	1,883	**795,824**	11,273	33,577	44,535	339,880	2,390	45,977	11,114	**1,284,570**
Less: Intra/Inter-Segment Revenue	(33,978)	(30,463)	(647)	(1,811)	**(66,899)**	(4,386)	(3,202)	43,827	(142,226)	(973)	(97)	(118)	**(174,074)**
Revenue	**661,024**	**64,894**	**2,935**	**72**	**728,925**	**6,887**	**30,375**	**88,362**	**197,654**	**1,417**	**45,880**	**10,996**	**1,110,496**
Gross Expenditure	11,117	830,500	48,902	(22,902)	**867,617**	10,157	53,512	27,826	293,932	3,144	61,325	16,065	**1,333,578**
Less: Intra/Inter-Segment Expenditure	(9,073)	(129,720)	(2,895)	–	**(141,688)**	(3,608)	(3,922)	12,325	(10,902)	(1,068)	(30,891)	(1,471)	**(181,225)**
Expenditure	**2,044**	**700,780**	**46,007**	**(22,902)**	**725,929**	**6,549**	**49,590**	**40,151**	**283,030**	**2,076**	**30,434**	**14,594**	**1,152,353**
Net Revenue Expenditure/(Income)													
Before Consolidation Adjustments	(683,885)	735,143	45,320	(24,785)	**71,793**	(1,116)	19,935	(16,709)	(45,948)	754	15,348	4,951	**49,008**
Less: Intra/Inter-Segment Income and Expenditure	24,905	(99,257)	(2,248)	1,811	**(74,789)**	778	(720)	(31,502)	131,324	(95)	(30,794)	(1,353)	**(7,151)**
Net Revenue Expenditure/(Income)	**(658,980)**	**635,886**	**43,072**	**(22,974)**	**(2,996)**	**(338)**	**19,215**	**(48,211)**	**85,376**	**659**	**(15,446)**	**3,598**	**41,857**
Other Comprehensive Income	(45,200)	(91,263)	–	(136)	**(136,599)**	138,268	30,222	–	(884)	(651)	(48,113)	(189,295)	**(207,052)**
Total Comprehensive Expenditure/(Income)	**(704,180)**	**544,623**	**43,072**	**(23,110)**	**(139,595)**	**137,930**	**49,437**	**(48,211)**	**84,492**	**8**	**(63,559)**	**(185,697)**	**(165,195)**

9.4b Segmental Analysis – Statement of Financial Position as at 31 December 2015

	General Revenue Income	Ministerial Depts	Non-Ministerial Depts and the States Assembly	Other Consolidated Fund	Total Consolidated Fund	Trading Operations (excluding Jersey Airport and Jersey Harbours)	Jersey Airport and Jersey Harbours[1]	Special Funds and the CIF	Social Security Funds	SOJDC	Andium Homes Limited	Ports of Jersey Limited[1]	Total before Consolidation Adjustments	Consolidation Adjustments	Total SOJ
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-Current Assets	484,177	2,912,860	662	–	**3,397,699**	51,099	1	1,103,462	1,370,101	15,004	774,311	352,026	**7,063,703**	(1,081,595)	**5,982,108**
Current Assets	145,493	31,193	759	4,543	**181,988**	693	–	52,100	103,843	43,252	29,564	32,627	**444,067**	303,705	**747,772**
Interfund Balances	–	–	–	(4,829)	**(4,829)**	17,308	216,867	1,755	(5,973)	–	3	(225,131)	**–**	–	**–**
Current Liabilities	(34,483)	(49,696)	(4,701)	(13,730)	**(102,610)**	(627)	(14)	(113,398)	(4,291)	(7,822)	(12,101)	(5,533)	**(246,396)**	8,074	**(238,322)**
Non-Current Liabilities	–	(3,380)	–	(366,560)	**(369,940)**	–	–	(249,975)	–	(1,697)	(68,633)	–	**(690,245)**	70,133	**(620,112)**
Net Assets	**595,187**	**2,890,977**	**(3,280)**	**(380,576)**	**3,102,308**	**68,473**	**216,854**	**793,944**	**1,463,680**	**48,737**	**723,144**	**153,989**	**6,571,129**	**(699,683)**	**5,871,446**
Reserves	8,266,483	(5,130,266)	(420,548)	386,639	**3,102,308**	68,473	216,854	793,944	1,463,680	48,737	723,144	153,989	**6,571,129**	(699,683)	**5,871,446**
Intrafund Balances	(7,671,296)	8,021,243	417,268	(767,215)	**–**	–	–	–	–	–	–	–	**–**	–	**–**
Net Reserves	**595,187**	**2,890,977**	**(3,280)**	**(380,576)**	**3,102,308**	**68,473**	**216,854**	**793,944**	**1,463,680**	**48,737**	**723,144**	**153,989**	**6,571,129**	**(699,683)**	**5,871,446**

9.4c Segmental Analysis – Statement of Comprehensive Net Expenditure for the year ended 31 December 2014 (Restated)

	General Revenue Income	Ministerial Depts (excluding Housing)	Non-Ministerial Depts and the States Assembly	Housing Department[1]	Other Consolidated Fund	Total Consolidated Fund	Trading Operations (excluding Jersey Airport and Jersey Harbours)	Jersey Airport and Jersey Harbours[1]	Special Funds and the CIF	Social Security Funds	SOJDC	Andium Homes Limited[2]	Total SOJ
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Revenue	660,747	107,437	4,113	21,070	1,534	794,901	10,962	45,944	89,122	375,687	2,196	22,278	1,341,090
Less: Intra/Inter-Segment Revenue	(27,447)	(44,953)	(1,105)	339	(1,899)	(75,065)	(4,380)	(5,491)	104,278	(190,940)	(956)	(93)	(172,647)
Revenue	**633,300**	**62,484**	**3,008**	**21,409**	**(365)**	**719,836**	**6,582**	**40,453**	**193,400**	**184,747**	**1,240**	**22,185**	**1,168,443**
Gross Expenditure	6,229	814,193	45,709	25,469	41,893	933,493	10,299	43,655	40,655	266,554	2,503	28,663	1,325,822
Less: Intra/Inter-Segment Expenditure	(4,620)	(121,583)	(3,334)	(799)	–	(130,336)	(3,681)	(7,106)	(8,199)	(9,551)	(842)	(14,727)	(174,442)
Expenditure	**1,609**	**692,610**	**42,375**	**24,670**	**41,893**	**803,157**	**6,618**	**36,549**	**32,456**	**257,003**	**1,661**	**13,936**	**1,151,380**
Net Revenue (Income)/ Expenditure													
Before Consolidation Adjustments	(654,518)	706,756	41,596	4,399	40,359	138,592	(663)	(2,289)	(48,467)	(109,133)	307	6,385	(15,268)
Less: Intra/Inter-Segment Income and Expenditure	22,827	(76,630)	(2,229)	(1,138)	1,899	(55,271)	699	(1,615)	(112,477)	181,389	114	(14,634)	(1,795)
Net Revenue (Income)/ Expenditure	**(631,691)**	**630,126**	**39,367**	**3,261**	**42,258**	**83,321**	**36**	**(3,904)**	**(160,944)**	**72,256**	**421**	**(8,249)**	**(17,063)**
Other Comprehensive Income	(3,900)	(25,958)	–	(4,590)	(637)	(35,085)	(8,932)	2,771	–	–	(2,274)	(18,593)	(62,113)
Total Comprehensive (Income)/Expenditure	**(635,591)**	**604,168**	**39,367**	**(1,329)**	**41,621**	**48,236**	**(8,896)**	**(1,133)**	**(160,944)**	**72,256**	**(1,853)**	**(26,842)**	**(79,176)**

9.4d Segmental Analysis – Statement of Financial Position as at 31 December 2014 (Restated)

	General Revenue Income £'000	Ministerial Depts (excluding Housing) £'000	Non-Ministerial Depts and the States Assembly £'000	Housing Department1 £'000	Other Consolidated Fund £'000	Total Consolidated Fund £'000	Trading Operations (excluding Jersey Airport and Jersey Harbours) £'000	Jersey Airport and Jersey Harbours[1] £'000	Special Funds and the CIF £'000	Social Security Funds £'000	SOJDC £'000	Andium Homes Limited[2] £'000	Total before Consolidation Adjustments £'000	Consolidation Adjustments £'000	Total SOJ £'000
Non-Current Assets	519,835	2,183,357	395	678,171	–	**3,381,758**	47,312	334,480	1,120,655	1,339,123	14,243	718,693	**6,956,264**	(1,214,274)	**5,741,990**
Current Assets	126,446	33,721	870	–	5,164	**166,201**	652	5,120	46,368	85,232	34,825	22,934	**361,332**	467,457	**828,789**
Interfund Balances	–	–	–	–	(67,435)	**(67,435)**	16,819	42,146	10,815	(2,285)	–	(60)	**–**	–	**–**
Current Liabilities	(27,151)	(52,103)	(4,507)	–	(11,417)	**(95,178)**	(815)	(6,055)	(109,458)	(5,223)	(229)	(11,814)	**(228,772)**	8,469	**(220,303)**
Non-Current Liabilities	–	(3,213)	–	–	(393,162)	**(396,375)**	–	–	(248,335)	–	–	(39,373)	**(684,083)**	39,373	**(644,710)**
Net Assets	**619,130**	**2,161,762**	**(3,242)**	**678,171**	**(466,850)**	**2,988,971**	**63,968**	**375,691**	**820,045**	**1,416,847**	**48,839**	**690,380**	**6,404,741**	**(698,975)**	**5,705,766**
Reserves	7,487,024	(5,100,920)	(375,229)	616,377	361,719	**2,988,971**	63,968	375,691	820,045	1,416,847	48,839	690,380	**6,404,741**	(698,975)	**5,705,766**
Intrafund Balances	(6,867,894)	7,262,682	371,987	61,794	(828,569)	**–**	–	–	–	–	–	–	**–**	–	**–**
Net Reserves	**619,130**	**2,161,762**	**(3,242)**	**678,171**	**(466,850)**	**2,988,971**	**63,968**	**375,691**	**820,045**	**1,416,847**	**48,839**	**690,380**	**6,404,741**	**(698,975)**	**5,705,766**

Notes

1: Jersey Airport and Jersey Harbours were incorporated as Ports of Jersey Limited on 1 October 2015. The trading operations prior to incorporation have been shown separate from other Trading Operations to aid comparability.

2: The Housing Department was incorporated as Andium Homes Limited on 1 July 2014. The department prior to incorporation has been shown separate from other Ministerial Departments to aid comparability.

9.5 Revenue

	Notes	2015 £'000	Restated 2014 £'000
Levied by the States of Jersey			
Taxation Revenue			
Personal		370,811	362,253
Companies		89,456	83,445
GST		83,985	80,503
Taxation Revenue		**544,252**	**526,201**
Social Security Contributions		**190,839**	**173,588**
Island rates, duties, fees, fines and penalties			
Impôts Duty – Spirits		4,529	4,801
Impôts Duty – Wines		7,637	7,615
Impôts Duty – Beer and Cider		6,081	6,273
Impôts Duty – Tobacco		13,606	13,788
Impôts Duty – Fuel		21,406	20,708
Impôts Duty – Other		144	161
Impôts Duty – Environmental		743	760
Stamp Duty and Land Transfer Tax		29,032	25,977
Island Rates		11,928	11,896
Other Fees and Fines		10,636	9,449
Island rates, duties, fees, fines and penalties		**105,742**	**101,428**
Earned through Operations			
Sales of goods and services		**162,934**	**154,435**
Investment Income			
Investment Income	8	58,804	51,751
Gains on financial assets	9	35,139	143,914
Investment Income		**93,943**	**195,665**
Other Revenue			
Financial Returns		3,896	3,802
Other Income	i	8,890	13,324
Other Revenue		**12,786**	**17,126**
Total Revenue		**1,110,496**	**1,168,443**

Notes

i. Other income includes: European Union Savings Tax Directive Income, Recovered costs, Criminal Offences Confiscations Fund grants received, coverage payments and other income that does not fall into any other category.

9.6 Expenditure

	Notes	2015 £'000	Restated 2014 £'000
Social Benefit Payments			
Social Benefits	10	362,687	347,616
Total Social Benefit Payments		**362,687**	**347,616**
Staff costs			
States Members Remuneration	11	2,360	2,496
States Staff Salaries and Wages	11	306,554	309,858
States Staff Pension Costs	11	39,794	40,216
Non-States Staff Costs	11	11,082	10,817
Other Staff Costs	11	14,164	3,862
Charges of Staff to Capital Projects	11	(3,321)	(3,199)
Total Staff Costs		**370,633**	**364,050**
Other Operating expenses		**240,199**	**240,008**
Grants and Subsidies payments	**12**	**43,009**	**45,479**
Depreciation and Amortisation			
Property, Plant and Equipment	7	65,982	74,957
Intangible Assets	7	2,259	2,353
Total Depreciation and Amortisation		**68,241**	**77,310**
Impairments			
Property, Plant and Equipment	7	36,842	22,059
Trade Receivables	7	2,939	2,898
Total Impairments		**39,781**	**24,957**
Losses on disposal of non-current assets			
Losses on disposal of Property, Plant and Equipment		12,874	90
Gains on disposal of assets classified as held for sale		–	(15)
Total losses on disposal of non-current assets		**12,874**	**75**
Finance costs	**13**	**24,895**	**21,190**
Net foreign-exchange losses/(gains)		**349**	**(571)**
Movement in pension liability	**30, 31**	**(10,315)**	**31,266**
Total Expenditure		**1,152,353**	**1,151,380**

9.7 Non-Cash Items and other Significant Items included in Net Revenue Expenditure

Net Revenue Expenditure/(Income) for the year is stated after charging/(crediting) the following Non-Cash and significant items:

	Notes	2015 £'000	Restated 2014 £'000
Non Cash Items			
Depreciation of Property, Plant and Equipment	i	65,982	74,957
Impairments of Property, Plant and Equipment and Non-Current Assets Held for Sale		36,842	22,059
Amortisation of Intangible Assets		2,259	2,353
Donations of Assets		(153)	(116)
Impairment loss recognised on Trade and Other Receivables		2,939	2,898
Impairment loss recognised on Available for Sale Financial Assets		–	–
Increase in Provisions		1,919	3,237
Other Significant Items			
Loss on Disposal of Property, Plant and Equipment		12,874	90
Gain on Disposal of Non Current Assets held for Sale		–	(15)
Gain on Investments	9	(35,139)	(143,914)
Auditors' Remuneration			
Audit Fees	ii	358	392
Lease Rental Income: States as Lessor			
Rentals under Operating Leases		47,954	45,643
Lease Rental Expense: States as Lessee			
Land and Buildings		974	886
Plant and Machinery		5	3
Other		229	342
Total Lease Rental Expense		**1,208**	**1,231**

Notes

i. Depreciation includes £1,185,587 of depreciation relating to assets funded by Finance Leases (2014: £1,171,987). Depreciation includes £105,898 of depreciation relating to donated assets (2014: £96,057).

ii. Other fees of £65,725 were payable to the external auditor in 2015 (2014: £208,000) for non-audit services.

9.8 Investment Income

	2015 £'000	2014 £'000
Interest Income		
Investments held at Fair Value through Profit or Loss	10,283	9,007
Infrastructure Investments	263	304
Loans and receivables	521	695
Cash and Cash Equivalents	648	775
Other	107	76
Total Interest Income	**11,822**	**10,857**
Dividends		
Strategic Investments	13,023	7,467
Investments held at Fair Value through Profit or Loss	33,959	33,427
Total Dividends	**46,982**	**40,894**
Total Investment Income	**58,804**	**51,751**

9.9 Gains and Losses on Financial Assets

	Notes	2015 £'000	2014 £'000
Change in Fair Value of Financial Assets held at Fair Value through Profit or Loss	i	35,196	143,386
Gain on Available for Sale Investments		165	48
(Loss)/gain on Cash Equivalents		(4)	8
Change in Fair Value of Derivative Financial Instruments	ii	(218)	472
Total Gains and Losses		**35,139**	**143,914**

Notes

i. Changes in Fair Value of Financial Assets held at Fair Value through Profit or Loss include £144.6 million of realised gains (2014: £100.7 million of realised gains).

ii. Changes in Fair Value of Derivative Assets include £21,225 of realised gains (2014: £301,213).

9.10 Social Benefit Payments

	2015 £'000	2014 £'000
Social Benefits		
Social Security: Income Support		
Weekly Benefit	73,027	73,844
Special Payments	1,196	1,570
Residential Care	(137)	8,865
Winter Fuel	398	417
Transitional Relief	344	421
Youth Incentive Payment	17	40
Social Security Department Other Benefits	4,549	4,565
Social Security Fund Benefits		
Pensions and survivors' benefits	171,297	165,056
Short term incapacity allowance	12,315	12,413
Long term incapacity allowance	15,515	14,858
Invalidity benefit	7,289	8,087
Maternity allowance	2,340	2,092
Maternity grant	618	495
Death grant	539	489
Health Insurance Fund Benefits		
Medical benefit	8,221	8,837
Pharmaceutical benefit	20,166	18,862
Gluten free food vouchers	329	279
Long Term Care Fund Benefits		
Long Term Care Benefit	13,665	3,148
Long Term Care Support	22,268	13,751
Education, Sport and Culture: Student Grants	7,719	8,647
Health and Social Services: Allowances	1,012	880
Total Social Benefits	**362,687**	**347,616**

Notes

The States Contribution to the Social Security Fund (also known as the States Grant), was £65.3 million in 2015 (2014: £63.7 million). The amount of the Grant is governed by a formula and was set for the period of the MTFP, bringing certainty to the level of contribution made to the Social Security Fund. The formula is based on past amounts needed to supplement contributions for those earning between the lower earnings threshold and the standard earnings limit, reduced by contributions received above the standards earnings limit. The actual amount of Supplementation in 2015 was £77.0 million (2014: £71.9 million).

A contribution of £28.0 million was made to the Long Term Care Fund in 2015. This includes £26.6 million from the Social Security Department and Health and Social Services Department in line with P.140/2013 from 1 July 2014, and a further amount of £1.4 million funded from underspends within the Social Security Department (2014: £18.1 million).

As the Social Security Funds are included within the Accounting Boundary, these transactions are eliminated in preparing the consolidated statements.

9.11 Staff Costs

2015

Year End FTE	Department	Notes	Salaries and Wages £'000	Pension [i] £'000	Social Security £'000	Total £'000
222.1	Chief Minister's Department		13,902	1,737	757	16,396
29.6	Economic Development		2,323	305	124	2,752
1,655.3	Education, Sport and Culture		74,959	10,877	4,548	90,384
107.2	Department of the Environment		5,970	795	336	7,101
2,373.2	Health and Social Services		114,192	13,743	6,709	134,644
640.1	Home Affairs		33,523	4,303	1,951	39,777
236.8	Social Security		9,219	1,232	587	11,038
419.5	Transport and Technical Services		17,037	2,118	1,044	20,199
233.3	Treasury and Resources		11,483	1,514	643	13,640
25.3	States Assembly (excluding States Members)		1,236	163	72	1,471
192.4	Non Ministerial States Funded Bodies		11,651	1,674	597	13,922
6,134.8	**Department Total**		**295,495**	**38,461**	**17,368**	**351,324**
0.0	Jersey Airport		6,964	846	386	8,196
0.0	Jersey Harbours		2,624	297	146	3,067
16.0	Jersey Car Parking		578	78	37	693
26.0	Jersey Fleet Management		893	112	57	1,062
42.0	**Trading Operations Total**		**11,059**	**1,333**	**626**	**13,018**
6,176.8	**Total**		**306,554**	**39,794**	**17,994**	**364,342**
	SOJDC	ii	779	88	30	897
	Andium Homes Limited	iii	2,658	337	146	3,141
	Ports of Jersey Limited	iv	3,463	215	101	3,779
	Non-States staff costs	v				11,082
	Other staff costs	vi				6,544
	States Members remuneration					2,360
	Staff costs charged to capital					(3,321)
	Total Staff Costs					**388,824**
	Elimination of Social Security Contributions	vii				(18,271)
	Other Eliminations					80
	Total Consolidated Staff Costs					**370,633**

2014

Year End FTE	Department	Notes	Salaries and Wages £'000	Pension[i] £'000	Social Security £'000	Total £'000
261.8	Chief Minister's Department		13,591	1,721	732	16,044
54.7	Economic Development		2,944	377	163	3,484
1,603.9	Education, Sport and Culture		73,694	10,697	4,421	88,812
110.2	Department of the Environment		5,947	800	330	7,077
2,435.8	Health and Social Services		112,993	13,600	6,608	133,201
660.2	Home Affairs		33,960	4,291	1,957	40,208
0.0	Housing		1,232	160	69	1,461
221.6	Social Security		8,718	1,268	538	10,524
467.5	Transport and Technical Services		17,823	2,153	1,092	21,068
245.7	Treasury and Resources		12,417	1,603	696	14,716
27.8	States Assembly (excluding States Members)		1,335	182	78	1,595
183.2	Non Ministerial States Funded Bodies		11,068	1,625	572	13,265
6,272.4	**Department Total**		**295,722**	**38,477**	**17,256**	**351,455**
169.2	Jersey Airport		9,128	1,130	512	10,770
71.8	Jersey Harbours		3,446	407	198	4,051
19.0	Jersey Car Parking		672	91	43	806
25.0	Jersey Fleet Management		890	111	57	1,058
285.0	**Trading Operations Total**		**14,136**	**1,739**	**810**	**16,685**
6,557.4	**Total**		**309,858**	**40,216**	**18,066**	**368,140**
	SOJDC	ii	705	81	26	812
	Andium Homes Limited	iii	1,341	163	73	1,577
	Non-States staff costs	v				10,817
	Other staff costs	vi				1,572
	States Members remuneration					2,496
	Staff costs charged to capital					(3,199)
	Total Staff Costs					**382,215**
	Elimination of Social Security Contributions	vii				(18,165)
	Other Eliminations					–
	Total Consolidated Staff Costs					**364,050**

Notes

i. Figures exclude costs associated with the PECRS pre-87 liability.

ii. Further details can be found in the separately published SOJDC accounts.

iii. Further details can be found in the separately published Andium accounts.

iv. Further details can be found in the separately published Ports of Jersey accounts.

v. Non-States staff costs includes the costs of individuals who do not hold an employment contract with the States, but who are acting as States Employees.

vi. Other staff costs include redundancy, voluntary redundancy, severance payments and adjustments for the cost of accumulated compensated absences.

vii. Social Security Contributions paid by States Entities to the Social Security Fund and Health Insurance Fund are internal to the States Accounts, and so eliminated on consolidation. This note has been drafted to show the full cost of Staff as well as the consolidated position.

Analysis of Staff Costs by Type

Type of Payment	2015 £'000	2014 £'000
Basic Pay	286,387	289,291
Shift Allowances	8,246	8,358
Overtime	6,529	7,417
Standby Payments	1,582	1,608
Other Time Payments	394	366
Skill Related Payments	531	604
Business Expenses	81	104
Relocation Expenses	240	485
Ad Hoc Payments/Supplements	9,304	4,411
Benefits	679	720
Sickness Offsets from Social Security	(1,417)	(1,485)
Amounts shown in Other Staff Costs	(6,090)	(1,223)
Other Accounting Adjustments	88	(798)
Total Salaries and Wages	**306,554**	**309,858**
Pension	39,794	40,216
Social Security	17,994	18,066
Total	**364,342**	**368,140**

Analysis of Staff Costs by Pay Group

Pay Group	2015 £'000	2014 £'000
Civil Servants (including A Grades)	127,041	126,595
Manual Workers	30,113	30,919
EfW Operations	1,229	1,278
Doctors and Consultants	17,231	17,041
Nurses and Midwives	45,937	45,735
Other Health Pay Groups	5,439	5,242
Uniformed Services	21,776	22,636
Heads and Deputy Heads, Highlands Managers	6,139	5,938
Teachers and Lecturers	44,701	41,579
Youth Service	1,091	1,096
Other Ports of Jersey Pay Groups	3,607	4,764
Chief Officers, Judicial Greffe, Crown Appointments, Law Draftsmen and Other Personal Contract Holders	5,320	6,560
Law Officers	2,932	2,496
Amounts shown in Other Staff Costs	(6,090)	(1,223)
Other Accounting Adjustments	88	(798)
Total Salaries and Wages	**306,554**	**309,858**
Pension	39,794	40,216
Social Security	17,994	18,066
Total	**364,342**	**368,140**

9.12 Grants

Significant Grants made during 2015

The note below summarises grants of £75,000 and over made by the States of Jersey in 2015. Some organisations below may have also received grants below £75,000. Full details of grants below £75,000 are given in Appendix A of the Unaudited Annex to the Accounts.

Issuing Dept	Grantee	2015 Grant £	2014 Grant £	Reason for Grant (Strategic Priority)
CMD	Government of Jersey London Office	495,000	956,000	Grant for the operation of the Government of Jersey London Office (4)
CMD	Jersey Financial Services Commission	248,965	248,965	Assist with the costs of the Anti Money Laundering Unit (4)
CMD	Channel Islands Brussels Office	360,785	298,598	Grant for the operation of the Channel Islands Brussels Office (4)
CMD	National Trust	–	3,575,000	Support the purchase of Plemont Holiday Village
CMD	Association Bureau des Iles Anglo-Normandes (formerly Bureau de Jersey)	–	88,039	Development of Jersey/France relations – promoting French language and culture
JOAC	Overseas Aid Grants	10,315,126	9,700,634	Humanitarian aid provided in response to sustainable grant projects, disaster and emergency relief and community work project initiatives (N/A)
EDD	Jersey Finance Limited	4,870,000	4,961,500	Market and promote the Finance Industry and provide technical assistance to Government (4)
EDD	Visit Jersey Limited	2,585,074	–	To market and promote Jersey for inbound tourism purposes in overseas markets and provide policy advice to Government (4)
EDD	Digital Jersey	1,250,000	961,000	To market and promote the Digital sector on/off-Island and provide technical assistance to Government (4)
EDD	Jersey Business Limited	715,000	669,140	To provide wide ranging business support, advice and guidance to local Jersey businesses on behalf of Government (4)
EDD	Jersey Competition Regulatory Authority	353,500	398,500	Work with the JCRA to create a more competitive commercial environment through the application of the Competition (Jersey) Law (1, 4)
EDD	Woodside Farms Limited	259,600	–	Provide support for innovation and business diversification (4)
EDD	Royal Jersey Agricultural and Horticultural Society	219,141	250,000	Services to support the dairy industry, e.g. bull proving and artificial insemination (4)
EDD	The Jersey Royal Company	197,810	218,256	Area Payments support to underpin farming activity in the countryside (2, 4)
EDD	Jersey Conference Bureau Limited	165,321	221,295	Support the operation and winding up of the Jersey Conference Bureau (4, 5)
EDD	Jersey Product Promotion Limited	162,870	159,000	Support for promoting Jersey products e.g. Genuine Jersey (4)
EDD	Battle of Flowers Association	130,000	145,000	Battle of Flowers – Event grant (4, 5)
EDD	Jersey Consumer Council	117,000	131,000	To provide wide ranging consumer advice and support to local citizens (4)
ESC	Jersey Heritage Trust	2,803,340	3,217,527	To support the Trust in its operation of more than 20 historic sites in Jersey made available to the public (3)
ESC	Beaulieu School	2,053,504	1,983,936	Support the operation of Beaulieu School in delivering the Jersey Curriculum to its students (3)
ESC	De La Salle College	1,857,416	1,872,072	Support the operation of De La Salle College in delivering the Jersey Curriculum to its students (3)
ESC	2015 Island Games Organising Committee	588,716	600,000	Support the organisation of the 2015 Island Games (2)
ESC	Jersey Arts Trust	572,000	572,000	To repay the Opera House refurbishment loan (3)

Issuing Dept	Grantee	2015 Grant £	2014 Grant £	Reason for Grant (Strategic Priority)
ESC	The Jersey Opera House	467,303	466,202	To operate the Opera House as a public resource for the Island; and to deliver the specific objective contained in the Opera House's annual business plan as agreed with the Minister for Education (3)
ESC	Jersey Arts Centre Association	453,425	460,779	To support the operation of the Jersey Arts Centre – comprising theatre, gallery and activity rooms – to enable it to offer a wide range of professional events (3)
ESC	FCJ Primary School	425,444	436,850	Support the operation of Convent FCJ School in delivering the Jersey Curriculum to its students (3)
ESC	Serco (Jersey) Limited	400,972	499,752	Subsidy in respect of the operation of the Waterfront Pool (2)
ESC	Jersey Childcare Trust	178,800	178,800	To support the Jersey Childcare Trust (JCCT) in the provision of its core services, staff, accommodation and resources (2, 3)
ESC	Jersey Arts Trust	159,700	163,755	To support a programme of arts development including grants to local artists, events which engage with Island artists and help support their work, and connect them with artists from other places to increase the standard and variety of creative practice in the Island (3)
ESC	Le Don Balleine Trust	148,783	147,064	To support the teaching of Jèrriais and Jersey Studies in schools, adult Jèrriais classes and a range of language promotion, including the support of cultural events which use the Jèrriais language (3)
ESC	Prince's Trust	145,929	146,679	To support the operations of the Prince's Trust including employing a Coordinator, Youth worker, Administrator, Vehicle hire from TTS and some programme costs (3)
ESC	St Michael's School	75,124	165,115	To support the school in delivering the Jersey Curriculum to its students in accordance with the teaching and culture of the school (3)
ESC	St John Centre Limited	–	220,000	Support the completion of the Youth Project wing at St Johns Recreation Centre
ESC	Jersey Heritage Trust	–	95,000	Support the restoration of Kempt and Rocco Towers
HA	Freedom for Life Ministries	200,000	–	To cover the one-off cost of refurbishing the Life Centre drop-in facility for ex-prisoners and other ex-offenders (2)
H&SS	Citizen's Advice Bureau	228,708	228,708	Provide information and advice to members of the public (2, 3)
SSD	The Jersey Employment Trust	972,600	972,600	Assist people with disabilities by providing sheltered work and additional training and development for the most severely disabled (4)
SSD	The Jersey Employment Trust	870,100	696,954	To provide employment opportunities for those with learning difficulties or on the Autistic Spectrum (4)
SSD	Jersey Advisory and Conciliation Service	385,800	353,000	Provide a free employment relations service to help employers, employees and trade unions work together for the prosperity of Jersey business and the benefit of employees (4)
SSD	Autism Jersey (Vocational Day Scheme)	–	92,315	Provide employment opportunities for those with learning difficulties or on the Autistic Spectrum
SSD	Jersey Mencap (Vocational Day Scheme)	–	80,831	To provide employment opportunities for those with learning difficulties or on the Autistic Spectrum
TTS	Parish of St Helier	83,000	–	Contribution to the Parish for regeneration (5)
Judicial Greffe	Jersey Legal Information Board	–	100,000	To assist with running costs
CILF	Association of Jersey Charities	453,996	1,111,922	Grant aid to various registered Jersey Charities (2)
TDF	aMaizin! Adventure Park	235,091	–	Purchase indoor equipment (4)
TDF	Samarès Manor	75,279	–	To achieve botanical status (4)
TDF	West Park Marine Lake Trust	–	115,000	Support the cost of restoring the West Park swimming pool
Ports	Jersey International Air Display	90,000	110,000	Jersey International Air Display – event grant (2)
	Total significant grants awarded	**36,370,222**	**38,068,788**	

Payments made under Significant Grant Schemes during 2015

The note below summarises payments under States of Jersey Grant Schemes where total payments exceeded £25,000 in 2015. Full details of these grants, and any grants are given in Appendix A of the Unaudited Annex to the Accounts. Details of grants under £25,000 awarded under States of Jersey Grants Schemes are also given in Appendix A of the Unaudited Annex to the Accounts.

Issuing Dept	Name of Scheme	2015 Grant £	2014 Grant £	Reason for Grant (Strategic Priority)
DoE	Energy Efficiency Service	562,784	632,108	Initiative to assist low-income and vulnerable households reduce their energy bills and keep warmer through the winter (2)
DoE	Countryside Enhancement Scheme	162,263	248,505	Environmental financial support to land owners for the benefit of the Island's population (2)
EDD	Area Payments to Individuals	527,571	591,857	Support to underpin a base level of farming activity in the countryside (2, 4)
EDD	Quality Milk Payments to Individuals	393,176	432,018	Transitional support to allow the industry to implement their Dairy Industry Recovery Programme (4)
EDD	Rural Initiative Scheme	98,163	93,503	Provides support for innovation and business diversification (4)
EDD	Skills Accelerator Grant	67,612	214,832	To provide skills training to employees with the aim of making a difference to the sustainability or development of their employer's business (3)
EDD	Fisherman's Aid Pack	–	92,433	One-off support for commercial fishermen to compensate for losses during the storms of 2013/14
ESC	Nursery Education Fund	1,964,448	1,718,751	Provide pre-school learning through the Nursery Education Fund (3)
ESC	Support for travel to participate in sports events	320,190	281,955	To support individuals, clubs and associations in travel to participate in sports events (2)
ESC	Support for purchasing equipment and organising activities	184,933	129,310	To support sport and leisure clubs and associations in purchasing equipment and organising activities (2)
ESC	Grants to individuals (Jersey College for Girls)	133,616	129,053	To assist students in the payment of fees (3)
ESC	Grants to individuals (Victoria College)	54,726	70,031	To assist students in the payment of fees (3)
SSD	Various employment schemes	858,069	1,264,546	Additional employment opportunities for the unemployed – includes Back to Work , Enhanced Workzone, Advance Plus (4)
	Total significant grants awarded under States of Jersey Grant Schemes	**5,327,551**	**5,898,902**	
	Total other Grants and Subsidies – see Appendix A	**1,311,332**	**1,511,809**	
	Grand Total – Grants and Subsidies awarded	**43,009,105**	**45,479,499**	

Notes on Strategic Priorities

Information on which of the States of Jersey Strategic Priorities are supported in awarding each grant is provided in the table above.

The Priorities were set out in the Strategic Plan 2015 as follows:

1. Sustainable Public Finances
2. Improving Health and Wellbeing
3. Improving Education
4. Optimising Economic Growth
5. Improving St Helier

9.13 Finance Costs

	2015 £'000	2014 £'000
Interest Expense		
PECRS Pre-1987 Debt Expense	13,733	14,906
Bond Interest	9,458	5,279
Finance Lease Interest	1,323	588
Other Interest	49	22
Total Interest Expense	**24,563**	**20,795**
Finance Charges		
Bank and Other Charges	332	395
Total Finance Charges	**332**	**395**
Total Finance Costs	**24,895**	**21,190**

9.14 Property, Plant and Equipment

2015

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Assets Under Course of Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation											
At 1 January 2015	**381,247**	**769,060**	**740,462**	**1,168,171**	**315,309**	**18,630**	**199,382**	**4,695**	**732**	**71,429**	**3,669,117**
Additions	–	132	3,198	–	10	74	42	(152)	90	84,272	**87,666**
Disposals	(15,978)	(7,005)	(24)	–	–	(750)	(719)	–	–	–	**(24,476)**
Transfers	(336)	18,665	18,888	12,765	5,509	1,682	12,416	713	–	(75,769)	**(5,467)**
Revaluations	8,433	58,528	35,664	45,632	26,758	–	–	–	–	–	**175,015**
Impairments	(2,920)	(55,135)	–	–	(12,489)	–	–	–	–	–	**(70,544)**
Impairment Reversals	–	482	–	–	–	–	–	–	–	–	**482**
At 31 December 2015	**370,446**	**784,727**	**798,188**	**1,226,568**	**335,097**	**19,636**	**211,121**	**5,256**	**822**	**79,932**	**3,831,793**
Accumulated Depreciation											
At 1 January 2015	**(67,338)**	**(103,928)**	**(56,057)**	**(17,929)**	**(52,963)**	**(8,574)**	**(79,288)**	**(3,548)**	**(26)**	**–**	**(389,651)**
Depreciation charge	–	(24,165)	(10,529)	(6,605)	(6,758)	(1,751)	(15,629)	(540)	(5)	–	**(65,982)**
Disposals	6,389	726	24	–	–	610	681	–	–	–	**8,430**
Transfers	–	50	–	–	–	–	(50)	164	–	–	**164**
Revaluations	1,412	19,718	10,782	16,169	8,943	–	–	–	–	–	**57,024**
Impairments	(4,867)	(36,702)	(6,542)	(140)	(771)	–	–	–	–	–	**(49,022)**
Impairment Reversals	1,119	8,708	507	364	–	–	–	–	–	–	**10,698**
At 31 December 2015	**(63,285)**	**(135,593)**	**(61,815)**	**(8,141)**	**(51,549)**	**(9,715)**	**(94,286)**	**(3,924)**	**(31)**	**–**	**(428,339)**
Net Book Value: 31 December 2015	**307,161**	**649,134**	**736,373**	**1,218,427**	**283,548**	**9,921**	**116,835**	**1,332**	**791**	**79,932**	**3,403,454**
Net Book Value: 1 January 2015	**313,909**	**665,132**	**684,405**	**1,150,242**	**262,346**	**10,056**	**120,094**	**1,147**	**706**	**71,429**	**3,279,466**
Asset Financing											
Purchased	267,134	618,881	735,181	1,218,427	276,622	9,850	116,598	1,332	67	79,932	**3,324,024**
Donated	30,617	183	–	–	–	71	237	–	724	–	**31,832**
Leased	9,410	30,070	1,192	–	6,926	–	–	–	–	–	**47,598**
Net Book Value: 31 December 2015	**307,161**	**649,134**	**736,373**	**1,218,427**	**283,548**	**9,921**	**116,835**	**1,332**	**791**	**79,932**	**3,403,454**

2014 (RESTATED)

	Land £000	Buildings £000	Social Housing (inc Land) £000	Networked Assets (inc Land) £000	Other Structures £000	Transport Equipment £000	Plant and Machinery, Furniture and Fittings £000	Information Technology Equipment £000	Antiques and Works of Art £000	Assets Under Course of Construction £000	Total £000
Cost or Valuation											
At 1 January 2014	**381,571**	**751,551**	**700,257**	**1,156,979**	**313,676**	**17,902**	**190,841**	**4,407**	**697**	**51,053**	**3,568,934**
Additions	45	(579)	1,671	–	–	–	116	152	–	75,493	**76,898**
Disposals	(1,356)	(1,826)	–	(1)	–	(1,007)	(362)	(136)	–	–	**(4,688)**
Transfers	987	16,694	12,705	10,163	67	1,735	8,787	272	35	(55,117)	**(3,672)**
Revaluations	–	3,220	25,829	3,871	1,566	–	–	–	–	–	**34,486**
Impairments	–	–	–	(2,841)	–	–	–	–	–	–	**(2,841)**
At 31 December 2014	**381,247**	**769,060**	**740,462**	**1,168,171**	**315,309**	**18,630**	**199,382**	**4,695**	**732**	**71,429**	**3,669,117**
Accumulated Depreciation											
At 1 January 2014	**(67,192)**	**(104,567)**	**(28,145)**	**(7,518)**	**(51,251)**	**(7,762)**	**(49,860)**	**(3,030)**	**(22)**	**–**	**(319,347)**
Depreciation charge	–	(22,884)	(14,707)	(10,163)	(6,753)	(1,665)	(18,130)	(651)	(4)	–	**(74,957)**
Disposals	–	188	–	–	–	853	296	136	–	–	**1,473**
Transfers	–	176	(176)	–	–	–	–	–	–	–	**–**
Revaluations	–	17,121	14,333	–	4,812	–	–	–	–	–	**36,266**
Impairments	(146)	(377)	(28,655)	(248)	–	–	(11,594)	(3)	–	–	**(41,023)**
Impairment Reversals	–	6,415	1,293	–	229	–	–	–	–	–	**7,937**
At 31 December 2014	**(67,338)**	**(103,928)**	**(56,057)**	**(17,929)**	**(52,963)**	**(8,574)**	**(79,288)**	**(3,548)**	**(26)**	**–**	**(389,651)**
Net Book Value: 31 December 2014	**313,909**	**665,132**	**684,405**	**1,150,242**	**262,346**	**10,056**	**120,094**	**1,147**	**706**	**71,429**	**3,279,466**
Net Book Value: 1 January 2014	**314,379**	**646,984**	**672,112**	**1,149,461**	**262,425**	**10,140**	**140,981**	**1,377**	**675**	**51,053**	**3,249,587**
Asset Financing											
Purchased	270,066	633,620	683,229	1,150,242	255,205	9,978	119,827	1,147	72	71,429	**3,194,815**
Donated	34,433	1,247	–	–	–	78	267	–	634	–	**36,659**
Leased	9,410	30,265	1,176	–	7,141	–	–	–	–	–	**47,992**
Net Book Value: 31 December 2014	**313,909**	**665,132**	**684,405**	**1,150,242**	**262,346**	**10,056**	**120,094**	**1,147**	**706**	**71,429**	**3,279,466**

During the year ended 31 December 2015 the States of Jersey undertook interim valuations of the Networked (Infrastructure) Assets, Social Housing, Land and Buildings and Other Structures. The valuation resulted in a net asset value increase of £108 million across the total portfolio. Excluding the revaluation there was an overall increase in the asset base of £31.6 million, due to additions of £98.1 million less depreciation of £66.5 million.

Valuations

Networked assets – Networked assets are predominantly valued on a Depreciated Replacement Value (DRC) which is primarily driven by the Building Cost Information Service (BCIS) Tender Price Index (TPI). There has been an increase of 5.4% in the TPI from December 2014 to December 2015. This was in contrast to the land values that have remained static since the last review. This is the main factor in the net increase in the value of networked assets of £62 million.

Land and Buildings – There was an overall decrease in the asset values across the land and buildings general portfolio, of £11 million. The majority of this was due to a change in the valuation approach for Education assets. In 2012 Education assets valued on a DRC basis used the existing Gross Internal Area (GIA) but this has subsequently changed to be based on the basis of space (sq M) per pupil which is in line with the UK Department for Education guidelines, amended for Jersey. This resulted in a reduction of approximately 17% to this class of assets in contrast to an increase to the valuation of the Car Park assets of around 7%, and special fund assets with an overall increase of 2%.

Investment Properties

Whilst the States does not generally hold assets solely for investment purposes, assets valuing £4.2 million are now held primarily for income generation and are included within Property, Plant and Equipment.

Procedures for Revaluations

All Property Assets with the exception of Assets Under Construction, are subject to a quinquennial revaluation (QQR), with an Interim Valuation after 3 years. A full property valuation was under taken by District Valuer Service (DVS) (part of the Valuation Office Agency) during 2012. DVS also undertook the interim desktop valuation for the year ended 31 December 2015.

Property Valuations are undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and are completed on the basis of the existing use value to the Department. Where valuation is made on a “Value in Use” basis, there is no significant difference between Open Market Value and Value in Use.

Social Housing is valued on an Existing Use Value for Social Housing (EUV-SH), prepared using a discounted cash flow of future rental income streams. Jones Lang Lasalle (JLL) have carried out the valuation inclusive discounting the net income stream at an appropriate rate reflecting their judgment of the overall level of risk associated with the long term income. The discount rate applied on income by JLL was 5.75% per annum.

Infrastructure Assets are revalued annually, with a full valuation in 2013 being carried out by District Valuer Services (part of the Valuation Office Agency).

Other non-property assets are valued in accordance with IAS 16 as adapted by the JFReM. This may include valuations by employees of the States of Jersey.

Heritage Assets

The States of Jersey owns a number of assets which are held because of their cultural, environmental or historical associations, rather than for operational purposes. These assets have not been valued where the incomparable nature of the assets means a reliable valuation is not possible, or level of costs of valuation greatly exceed the additional benefits derived by users of the accounts, and In these cases, no value is reported for these assets in the Statement of Financial Position.

There were no significant acquisitions or disposals of States’ heritage assets during 2015.

The principal advisor to the States in matters relating to public heritage assets is the Jersey Heritage Trust. The Trust is an independent body incorporated in 1983, and receives an annual grant from the States of Jersey to support its running costs.

Heritage Properties

The States owns a number of Heritage Properties, including Elizabeth Castle, Mont Orgueil Castle, 11 forts and towers, 6 ruins, the Opera House and St James Concert Hall.

The Jersey Heritage Trust has been granted by deed of gift the usufruct of both Castles, and has such has responsibility for these properties, although the States retains legal ownership, and as such they would not be recognised as an asset of the States.

Some of the towers and forts are occupied, either by the States or by external organisations, but any rental amounts received are not reflective of the value of the structure. As any use is not the principal reason for retaining the properties, these are considered to be non-operational heritage assets. For example, St Aubin's Fort is retained due to its historic and cultural relevance, not as a residential facility. These properties are not valued due to the difficulty in obtaining a reliable estimate of value, and the costs that would be involved in valuation.

The Opera House and St James Concert Hall are both leased to the Jersey Arts Trust, although the States retains the responsibility for maintenance of these properties. These are both treated as operational heritage assets, and are valued and included within the Land and Building asset class on the Statement of Financial Position.

Paintings, sculptures, and other works of art

The States of Jersey owns a number of pieces of Art, including paintings, sculptures, statues, fountains, and other pieces of art in public places. Where a reliable valuation is available these assets have been included on the balance sheet under the Antiques and Works of Art asset class. However, in a number of cases no valuation is available, and the cost of obtaining one would exceed the benefits, and in these cases no asset is recognised. 31 pieces of art have been identified but not recognised on Statement of Financial Position, including 6 paintings and 20 sculptures in public places.

Other Heritage Assets

Other heritage assets held by the States of Jersey include:

- Rare books at Jersey Library (with an estimated value of £265,000)
- Antique Cannon at Fort Regent (no reliable estimate of value available)
- Various organs and pianos (recognised only where a reliable estimate exists)[1]
- The Bailiff's Mace and the Royal Seal (no reliable estimate of value available)
- Honours Boards, Memorials, Clocks, etc (recognised only where a reliable estimate exists)

Note

1. In particular, The Chapel Organ at Highlands has been awarded a certificate Grade I by The British Institute of Organ Studies in recognition of it being a rare example of instrument by Mutin/Cavaille-Coll 1913, in original condition. Whilst the value of the organ has been approximated at £600,000, the cost of obtaining a formal valuation is considered to outweigh the benefits that would be obtained.

9.15 Intangible Assets

	Information Technology Software £000	Assets Under Course of Construction £000	Total £000
Cost or Valuation			
At 1 January 2015	**32,431**	**1,480**	**33,911**
Additions	394	130	**524**
Disposals	(20)	–	**(20)**
Transfers	845	(798)	**47**
At 31 December 2015	**33,650**	**812**	**34,462**
Accumulated Amortisation			
At 1 January 2015	**(24,373)**	**–**	**(24,373)**
Amortisation charge	(2,258)	–	**(2,258)**
Disposals	17	–	**17**
Transfers	(164)	–	**(164)**
At 31 December 2015	**(26,778)**	**–**	**(26,778)**
Net Book Value: 31 December 2015	**6,872**	**812**	**7,684**
Net Book Value: 1 January 2015	**8,058**	**1,480**	**9,538**

	Information Technology Software £000	Assets Under Course of Construction £000	Total £000
Cost or Valuation			
At 1 January 2014	**30,981**	**1,743**	**32,724**
Additions	–	969	**969**
Transfers	1,450	(1,232)	**218**
At 31 December 2014	**32,431**	**1,480**	**33,911**
Accumulated Amortisation			
At 1 January 2014	**(22,019)**	**–**	**(22,019)**
Amortisation charge	(2,353)	–	**(2,353)**
Transfers	(1)	–	**(1)**
At 31 December 2014	**(24,373)**	**–**	**(24,373)**
Net Book Value: 31 December 2014	**8,058**	**1,480**	**9,538**
Net Book Value: 1 January 2014	**8,962**	**1,743**	**10,705**

All Intangible Assets were purchased by the States of Jersey. There are no leased or donated Intangible Assets.

9.16 Non-Current Assets Held for Sale

	2015 £000	2014 £000
Cost or Valuation		
At 1 January	**1,474**	**4,080**
Additions	–	–
Transfers from Property, Plant and Equipment	5,420	3,454
Disposals	(5,809)	(5,987)
Revaluations	10	–
Impairments	–	(73)
At 31 December	**1,095**	**1,474**
Accumulated Depreciation		
At 1 January	**(90)**	**(93)**
Disposals	–	3
Revaluations	–	–
Impairments	–	–
Impairment Reversal	–	–
At 31 December	**(90)**	**(90)**
Net Book Value: 31 December	**1,005**	**1,384**
Net Book Value: 1 January	**1,384**	**3,987**

All Non-Current Assets Held for Sale were purchased by the States of Jersey. There are no leased or donated Non-Current Assets Held for Sale.

9.17 Loans and Advances

ANALYSED BY FUND

		31 Dec 2015 £'000	Restated 31 Dec 2014 £'000	Restated 1 Jan 2014 £'000
Consolidated Fund		3,679	4,379	3,643
Dwelling Houses Loan Fund		2,970	3,544	4,154
99 Year Leaseholders Account		133	141	149
Assisted House Purchase Scheme		1,279	1,646	2,286
Agricultural Loans Fund		378	693	1,008
Jersey Innovation Fund		1,898	910	–
Total Loans and Advances		**10,337**	**11,313**	**11,240**

MATURITY ANALYSIS

		31 Dec 2015 £'000	Restated 31 Dec 2014 £'000	Restated 1 Jan 2014 £'000
Receivable within one year		1,555	1,443	1,202
Receivable between one and two years		1,370	1,087	1,193
Receivable between two and five years		3,005	2,934	2,789
Receivable in five years or more		4,407	5,849	6,056
Total Loans and Advances		**10,337**	**11,313**	**11,240**

CHANGES TO LOANS AND ADVANCES

	Notes	31 Dec 2015 £'000	Restated 31 Dec 2014 £'000	Restated 1 Jan 2014 £'000
Opening Balance		11,313	11,240	11,822
Additional Advances made	i	1,247	2,342	1,596
Repayments		(2,223)	(2,269)	(2,178)
Write Offs			–	–
Closing Balance		**10,337**	**11,313**	**11,240**

No provisions for diminution of value have been required during the year. Loans and Advances are typically secured against physical assets to protect the States' interest.

Investments in Leases

The States of Jersey does not act as Lessor in any Finance Lease arrangements.

Note

i Changes to Loans and Advances: The Pilot Starter Home Deposit Scheme was closed to new loan applications in 2014 and so no new loans were issued during 2015. In addition, the Jersey Innovation Fund issued £1.1 million of loans to 4 businesses; a new loan of £200,000 was awarded to The Office of the Financial Services Ombudsman. This loan was repaid in March 2016.

9.18 Available For Sale Financial Assets

Available for Sale investments are non-derivative financial assets that are either designated in this category or not classified in any other categories and are intended to be held for an indefinite period of time. In the 2015 budget, there had been a proposed repayment of the Jersey Water Preference Shares below. The shares are currently accounted for as 'Available for Sale' so no change in treatment is required. The States has not needed to ask for the repayment of these shares and there are no immediate plans to do so. In 2016 the States intends to start a piece of work to assess the holdings in these investments and confirm the Government's intentions.

		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Strategic Investments: Equity Shares				
Jersey Electricity plc		97,700	74,700	65,500
Jersey New Waterworks Company Limited		36,100	28,600	31,300
JT Group Limited		192,900	180,300	183,500
Jersey Post International Limited		28,800	26,700	26,100
Total: Equity Shares		**355,500**	**310,300**	**306,400**
Strategic Investments: Irredeemable Preference Shares				
Jersey New Waterworks Company Limited		7,400	7,400	7,400
Total: Preference Shares		**7,400**	**7,400**	**7,400**
Total Strategic Investments		**362,900**	**317,700**	**313,800**
Other Available for Sale Investments held at Fair Value				
Housing Property Bonds		18,741	16,618	15,104
Other		326	304	303
Total Other Available for Sale Investments		**19,067**	**16,922**	**15,407**

Strategic Investment Holdings:

Jersey Electricity plc

The States of Jersey holds all the ordinary shares in Jersey Electricity plc which represents approximately 62% of the Company's total issued share capital as at 31 December 2015 (86.4% of the total voting rights). Jersey Electricity plc also has "A" shares in issue which are listed on the London Stock Exchange, and two classes of preference shares, which hold 3% of the voting rights.

Jersey New Waterworks Company Limited

The States of Jersey hold 100% of the issued 'A' Ordinary shares, 50% of the issued Ordinary shares and 100% of the 7.5%–10% cumulative 5th Preference shares in the Jersey New Waterworks Company Limited as at 31 December 2015.

In addition, Jersey New Waterworks Company Limited has 6 other classes of preference shares issued and fully paid.

Each ordinary share carries one vote. Whilst 'A' ordinary shares are in the ownership of the States of Jersey, the total number of votes carried by these shares is twice the number of votes cast in respect of all other shares.

Every holder of a preference share holds one vote, irrespective of the number and class of such preference shares.

States of Jersey Investment Limited

The States of Jersey owns 100% of the share capital of States of Jersey Investments Limited (SOJIL), a company used to hold the investments in JT Group Limited and Jersey Post International Limited. Due to its nature as a holding company, SOJIL is consolidated in full and included inside the Consolidated Fund. This has the effect of treating the investments in JT and Jersey Post as part of the Consolidated Fund.

JT GROUP LIMITED
SOJIL holds all the Ordinary shares in the JT Group Limited.

JERSEY POST INTERNATIONAL LIMITED
SOJIL holds all the Ordinary shares in Jersey Post International Limited.

States of Jersey Development Company Limited

The States of Jersey holds 100% of the issued share capital for the States of Jersey Development Company Limited. This is consolidated in full in the accounts and therefore not accounted for as a strategic investment.

Andium Homes Limited

The States of Jersey holds direct control over Andium Homes Limited as the guarantor for the company. This is consolidated in full in the accounts and therefore not accounted for as a strategic investment.

Ports of Jersey Limited

The States of Jersey holds direct control over Ports of Jersey Limited. This is consolidated in full in the accounts and therefore not accounted for as a strategic investment.

Basis of Valuation of Strategic Investments

Strategic Investments are valued in line with the JFReM, IAS 39 and the Accounting Policies specified in Note 9.1.Specifically, the following methodologies have been used to value Ordinary Share Capital:

Jersey Electricity plc	*Market Value of "A" Shares, adjusted for liquidity and any other appropriate characteristics.*
Jersey New Waterworks Company Limited	*Comparable Company Multiple*
JT Group Limited	*Comparable Company Multiple*
Jersey Post International Limited	*Comparable Company Multiple*

These valuations are intended to represent the accounting fair value in respect of these companies and are prepared solely for inclusion in the accounts. Such valuations do not indicate the value that might be sought or received from a full or partial sale of any holding. The States' investments in these companies are held on a long term basis; there is no States decision to sell any of the States holdings at the present time.

Preference Shares are valued using the Dividend Valuation Model. Due to the method of valuation, increases in the value of preference shares will reduce the value of the equity shares.

Results of the 2015 Valuation

Overall the value of Strategic Investments increased by £45.2 million.

The investment in Jersey Electricity increased in value by £23.0 million, reflecting the increase in the traded share price at the 2015 year end compared to 2014.

The investment in Jersey Water increased by £7.5 million, this was mostly due to a more robust primary valuation methodology being used in 2015 following a review of the valuation process. The increase in this year's valuation has also been supported by a number of other methodologies.

The valuation of Jersey Post has increased by £2.1 million. This is principally due to a change in estimation technique for the valuation.

The valuation of JT increased by £12.6 million, the enterprise value was materially unchanged compared with last year, the increase is principally due to the removal of the pension liability seen in previous years, by removing the ring fenced fund that the company had used to participate in PECRS and the increase in the cash balance.

Other Available for Sale investments held at Fair Value

These investments are bonds that arise from the sale of properties to Andium tenants as part of the Social Housing Property Plan 2007–2016 (SHPP), sales to first time buyers qualifying under the Homebuy scheme and other similar arrangements.

The purchasers of properties under these two schemes are required to pay a proportion of the market value in cash on purchase and also enter into an agreement (bond) relating to the remaining value of the property. During the year new bonds with a value of £1,205,551 (2014: £969,682) were issued.

Upon the next sale and/or transfer of the property, the greater of the bond value and a proportion (as stated in the bond agreement) of the market value is paid to Andium. During 2015, £277,914 of bonds were redeemed (2014: £229,981), with a gain of £47,935 being recognised.

Some variants of the bond scheme in the SHPP include an element where the percentage of the bond value reduces. It is not expected that these bonds will be redeemed before the amount has reduced to a minimum, and therefore the value of these bonds is calculated based on this assumption.

There is no history of default rates within the scheme. Where the likelihood of recovering the bond amount is in doubt, an impairment review is carried out, and the value of the bond adjusted accordingly. Where a mortgage exists the mortgagor will have first call upon that property.

The Bonds are valued to reflect:

- the increase, and expected future increases, in the market value of the relevant property (calculated with reference to the Jersey HPI)
- the time value of money (using the States nominal discount rate of 6.1%)
- any indication of impairment of the bonds.

MOVEMENT IN OTHER AVAILABLE FOR SALE INVESTMENTS

		2015 £'000	2014 £'000
Opening		**16,922**	**15,407**
Issue of New Bonds		1,205	970
Redemption of bonds		(278)	(230)
Movement in Fair Value		1,221	774
Other Movements		(3)	1
Closing		**19,067**	**16,922**

As bonds mature on the sale of the underlying property, which is outside of the States control, no Housing Bonds have been classified as Current Assets.

9.19 Infrastructure Investments

	31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Currency Fund: JT – Gigabit Jersey	10,000	10,000	10,000
Currency Fund: Parish of Trinity	–	–	4,896
Currency Fund: Parish of Trinity 2	750	–	–
Total Infrastructure Investments	**10,750**	**10,000**	**14,896**

JT Group – Gigabit Jersey

A £10 million investment was approved in 2011 to provide support to JT for the financing of the Gigabit Jersey project. The Currency Fund carried out an Infrastructure Investment in JT Group Limited (JT) in line with its current Investment Strategy. The Infrastructure investment has taken the form of a 2.5% Redeemable Preference Share instrument. During 2012 all of the £10 million 2.5% Redeemable Preference shares were issued (3 tranches of £4 million in April, £3 million in June and £3 million in September).

Parish of Trinity

The £6 million investment from the Currency Fund to the Parish of Trinity's phase one project was repaid in full during 2014. On 24 July 2014 up to a further £1.0 million investment to the Parish of Trinity for phase two project was approved from the Currency Fund. This is to construct 5 over 55's bungalows. During 2015 £750,000 of the approved £1.0 million was paid to the Parish of Trinity for the financing of phase two of a building project on Field No. 578; the Investment is expected to last up to 3 years from 2015.

States of Jersey – Sewage Treatment Works

In line with the Waste Water Strategy (P.39/2014) which was approved by the States, the Currency Fund is committed to issue an Investment to provide partial funding for the construction of the new Sewage Treatment Works at a fair interest rate. The Medium Term Financial Plan (2016–2019) allocated £25.5 million of the Fund portfolio for investment in the Sewage Treatment Works; as at the year end the investment had not yet been drawn down.

9.20 Investments held at Fair Value through Profit or Loss

Investments held in the Common Investment Fund are managed as a portfolio reported at Fair Value, and so the States has designated these investments at Fair Value through Profit or Loss. More details of CIF investments are included in Note 9.35. A small proportion of investment holdings are maintained outside the CIF within funds passively managed by Legal and General. Investments held with the States' Cash Manager are classified as Cash Equivalents, and included in Note 9.23.

		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Equities		1,068,669	1,195,570	1,142,775
Government bonds		149,442	261,903	197,657
Corporate Bonds		6,955	–	–
Certificates of Deposit		234,364	324,694	145,857
Fixed Income Unit Trusts		432,156	279,410	311,770
Property Unit Trusts		90,295	80,584	37,595
Equity Unit Trusts		286,996	358,329	303,475
Gilt Unit Trusts		–	–	–
Cash Unit Trusts		–	18,198	50,375
Hedge Fund Vehicles		190,205	–	–
Total Investments at FVTPL		**2,459,082**	**2,518,688**	**2,189,504**

Investments are carried at market value in the accounts, which is not materially different from fair value.

MATURITY ANALYSIS

		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Less than one year		293,155	420,200	156,984
Between one and two years		58,134	60,261	91,041
Between two and five years		23,637	84,786	95,355
More than five years		15,835	21,350	134
Equities		1,068,669	1,195,570	1,142,775
Fixed income Unit Trusts		432,156	279,410	311,770
Property Unit Trusts		90,295	80,584	37,595
Equity Unit Trusts		286,996	358,329	303,475
Gilt Unit Trusts		–	–	–
Cash Unit Trusts		–	18,198	50,375
Hedge Fund Vehicles		190,205	–	–
Total Investments at FVTPL		**2,459,082**	**2,518,688**	**2,189,504**

9.21 Inventories

ANALYSED BY FUND

	31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Consolidated Fund	7,970	7,504	6,339
Jersey Currency Fund	1,240	1,511	1,712
Jersey Fleet Management	31	52	58
Jersey Airport		378	346
States of Jersey Development Company Limited	42,316	30,487	27,111
Ports of Jersey Limited	364	–	–
Total Inventories	**51,921**	**39,932**	**35,566**

Inventories have been split for the Ports of Jersey to differentiate between being a trading operation and a Subsidiary Company following incorporation.

ANALYSED BY TYPE

	31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Raw Materials, Consumables, Work in Progress and Finished Goods	9,651	9,491	8,501
Development Property Inventories	42,270	30,441	27,065
Total Inventories	**51,921**	**39,932**	**35,566**

During the year the following amounts relating to Inventory were recognised as expenditure.

	2015 £'000	2014 £'000
Inventory used during the year	25,244	23,229
Inventory written off	100	294
Reversals of previous write offs	(5)	–
Total Expense	**25,339**	**23,523**

9.22 Trade and Other Receivables

AMOUNTS FALLING WITHIN ONE YEAR

	31 Dec 2015 £'000	Restated 31 Dec 2014 £'000	Restated 1 Jan 2014 £'000
Taxation Receivables: Amounts falling due within one year			
Income Tax Receivables	51,297	58,143	62,353
Income Tax Accrued Income	5,785	2,909	1,869
GST Receivables	5,316	5,830	6,644
GST Accrued Income	19,755	18,319	17,602
Provision for taxation receivables	(13,142)	(14,422)	(14,818)
Total Taxation Receivables	**69,011**	**70,779**	**73,650**
Non-taxation Receivables: Amounts falling due within one year			
Trade Receivables	43,885	56,616	43,835
Prepayments and accrued income	65,795	45,653	43,470
Other Receivables	5,072	4,725	5,012
Provision for non-taxation debtors	(2,740)	(2,181)	(2,914)
Total Non-taxation Receivables	**112,012**	**104,813**	**89,403**
Total Receivables due within one year	**181,023**	**175,592**	**163,053**
Amounts falling due after more than one year			
Trade and other Receivables	3,544	6	7
Total Receivables due after more than one year	**3,544**	**6**	**7**
Total Receivables	**184,567**	**175,598**	**163,060**

Taxation Receivables

The Taxes Office actively monitors taxation receivables, and provides for doubtful debts based on the whole portfolio of receivables.

The provision is established as follows: receivables in excess of a defined threshold are reviewed individually to identify cases where there is a significant risk of non-collection – a specific provision is then made for these receivables. The remainder of the receivables are stratified by age, based on the year of assessment, and a set percentage provision is applied to each age category. The percentage provision increases with the age of the receivable, and is based on past experience.

The balance of taxation receivables after the provision for doubtful debts is therefore representative of the amount that is expected to be recovered for taxation receivables as a whole, and takes into account the risks of non-collection.

Non-Taxation Receivables

Included in the non-taxation debtor balance are debtors with a carrying value of approximately £18.3 million (2014: £17.2 million) which are past due at the reporting date for which the States has not provided as there has not been a significant change in credit quality and amounts, and are still considered recoverable.

AGEING OF PAST DUE BUT NOT IMPAIRED RECEIVABLES:

	2015 £'000	Restated 2014 £'000
30–60 days	1,370	5,721
61–90 days	1,674	2,241
91–120 days	1,707	1,671
more than 120 days	7,780	5,939
Total past due but not impaired receivables	**12,531**	**15,572**

MOVEMENT IN THE ALLOWANCE FOR NON-TAXATION DEBTS

	2015 £'000	Restated 2014 £'000
Balance at the beginning of the year	2,181	2,914
Impairment losses recognised	1,059	407
Amounts written off as uncollectible	(386)	(857)
Impairment losses reversed	(59)	(186)
Other Adjustments	(55)	(97)
Balance at the end of the year	**2,740**	**2,181**

In determining the recoverability of a debtor any change in the credit quality of the debtor from the date credit was originally granted was considered.

The concentration of credit risk is limited due to the debtor base being large and unrelated.

AGEING OF IMPAIRED RECEIVABLES:

	2015 £'000	Restated 2014 £'000
30–60 days	63	123
61–90 days	47	40
91–120 days	88	37
more than 120 days	2,542	1,981
Total Impaired receivables	**2,740**	**2,181**

The States considers that the carrying amount of Trade and Other Receivables is approximately equal to their fair value.

9.23 Cash and Cash Equivalents

	Notes	31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Bank deposit accounts		113,384	109,059	80,865
Bank current accounts		(7,100)	4,317	18,504
Cash in hand and in transit		384	506	279
Cash Equivalents	i	112,445	76,356	88,232
Total Cash and Cash Equivalents		**219,113**	**190,238**	**187,880**

Note:

i. Cash Equivalents include highly liquid investments held by the States Cash Manager.

9.24 Trade and Other Payables

	31 Dec 2015 £'000	Restated 31 Dec 2014 £'000	1 Jan 2014 £'000
Amounts falling due within one year			
Trade Payables	43,972	49,189	43,817
Current Portion of PECRS Past Service Liability	7,206	5,649	6,370
Income Tax Payables and Receipts in Advance	26,660	27,043	27,248
Accruals and deferred income	40,189	23,435	16,779
Receipts in advance	8,300	8,474	9,759
Total Payables due within one year	**126,327**	**113,790**	**103,973**
Amounts falling due after more than one year			
Trade Payables	47	–	–
Total Payables due after more than one year	**47**	**–**	**–**
Total Payables	**126,374**	**113,790**	**103,973**

The average credit period taken for purchases in 2015 was 30 days (2014: 34 days).

The States considers that the carrying value of trade payables approximates to their fair value.

9.25 External Borrowings

		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
External Bond due		243,112	243,030	–
Total Bond Due		**243,112**	**243,030**	**–**

A Bond was issued in June 2014, the proceeds of which are to be used to fund a programme of affordable housing through providers such as the newly established Andium Homes Limited (formerly the Housing Department).

The unsecured Bond was issued at £243,772,500 (nominal amount of £250,000,000, issued at a discount) with a coupon rate of 3.75%, and a final maturity of 40 years, with the final instalment due to be repaid in 2054.

No hedging has been undertaken for this Bond as the interest rate is fixed with bi-annual coupon payments.

9.26 Currency in Circulation

		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Jersey Notes issued		107,635	102,230	99,558
Less: Jersey Notes held		(6,989)	(7,115)	(7,294)
Total Jersey Notes in Circulation		**100,646**	**95,115**	**92,264**
Jersey Coinage issued		9,695	9,633	9,340
Less: Jersey Coinage held		(753)	(989)	(996)
Total Jersey Coinage in Circulation		**8,942**	**8,644**	**8,344**
Total Currency in Circulation		**109,588**	**103,759**	**100,608**

Under the Currency Notes (Jersey) Law 1959 the States produce and issue bank notes and coins. These are accounted for, at cost, as stock until they are formally issued by the Treasury and Resources Department. They are then accounted for as issued currency. At the end of their useful life they are removed from circulation and destroyed, at which time they are removed from the issued currency account. Issued currency is either held at the Treasury or in circulation. The creditor in the accounts reflects the value of currency in circulation.

9.27 Finance Lease Obligations

The States of Jersey have entered into finance lease and sale and lease back arrangements to finance the development of capital projects, Morier House and Maritime House. At 31 December 2015, the States had commitments to make the following payments under these arrangements.

		Minimum Lease Payments		
		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Within one year		1,558	2,756	2,724
In the second to fifth years inclusive		4,127	5,196	7,464
After five years		–	488	976
Gross Minimum Lease Payments		**5,685**	**8,440**	**11,164**
Less: future Finance charges		(987)	(1,500)	(2,142)
Total Finance Lease Obligations		**4,698**	**6,940**	**9,022**

		Present Value of Minimum Lease Payments		
		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Within one year		1,185	2,242	2,081
In the second to fifth years inclusive		3,513	4,267	6,106
After five years		–	431	835
Total Finance Lease Obligations		**4,698**	**6,940**	**9,022**

9.28 Provisions

Provisions as at 31 December were made up of:

		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Self insurance claims		2,864	2,307	2,131
Other provisions – to be used within one year		989	512	1,471
Other provisions – to be used after one year		9,424	8,539	4,519
Total Provisions		**13,277**	**11,358**	**8,121**

Movement in Provisions were:

			2015 £'000	2014 £'000
Balance 1 January			11,358	8,121
Increase in Provisions			3,190	4,978
Use in Year			(835)	(1,369)
Other movements			(436)	(372)
Balance 31 December			**13,277**	**11,358**

Material amounts included in "Other Provisions" include:

	Notes	31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Decommissioning – New EfW	i	2,080	2,080	2,080
Asset Sharing Agreement – Other	ii	3,308	2,998	1,871
Jersey Arts Trust Loan	iii	2,329	2,735	–

Notes

i. Provision for new Energy from Waste decommissioning in accordance with IAS 37. Approval for this expenditure will not be sought until closer to the end of the plant's useful life.

ii. Relating to seizures of assets that may become payable to other jurisdictions depending on the outcome of Court decisions. The assets are included in the States accounts in full.

iii. Provision for a guarantee to Barclays Bank Plc for amounts outstanding in respect of a loan to the Jersey Arts Trust in connection with the renovation of the Opera House. The States pay funding to the the Trust to cover loan payments, however if this funding were not in place, the States would become liable under the guarantee.

9.29 Derivative Financial Instruments

		31 Dec 2015 £'000	31 Dec 2014 £'000	1 Jan 2014 £'000
Derivative Liabilities				
Housing Development Fund Letters of Comfort		–	–	346
Other Financial Derivatives		233	–	–
Total Derivative Liabilities		**233**	**–**	**346**
Derivative Assets				
Other Financial Derivatives		–	–	174
Total Derivative Assets		**–**	**–**	**174**

Housing Trusts Letters of Comfort

The Treasury and Resources Department have agreed to provide financial support to various Housing Trusts in respect of bank loans. To this end, the department has issued a total of 32 Letters of Comfort to 5 Housing Trusts, covering loans totalling £110.5 million as at 31 December 2015 (2014: £115.7 million). These loans do not constitute guarantees, but provide a cap on interest rates – if rates exceed an agreed threshold the States will provide a subsidy (through the Housing Development Fund) equal to the excess. Due to low interest rates, no subsidies have been paid since 2009. The letters cover a range of periods, with the last exposure currently expiring in 2035.

Valuation

The value of the liability that these letters represent has been determined using Discounted Cash Flow methods, using estimations of future interest rates to project subsidy payments.

Sensitivity

The values of interest rate caps are dependent on several factors, including year end loan balances, commercial expectations of future interest rates, and changes in the markets' expectations. Changes in these factors could lead to changes in the future value of the liability recognised, to reflect expected changes in the subsidies that are expected to be paid.

Whilst latest market indications are that interest rates are not expected to increase to levels that will trigger the payment of a subsidy for the full period of exposure, the table below shows what the approximate level of subsidy payments would be in 2016 if rates were at various levels for the year.

Interest Rate (LIBOR)	Value of Subsidies (2016) £'000
3%	–
4%	474
5%	1,056
6%	1,682
7%	2,318
8%	2,955

Other Financial Derivatives

The Governments of the UK and France enter into an agreement with the States of Jersey to delegate authority for air traffic control over the 'Channel Islands Control Zone'. The contract agrees a fixed sum of Euros, paid quarterly, over a three year period to cover the cost of this operation. This compensation is transferred to the Ports of Jersey Limited to meet the costs of provision of the air traffic control services. The States has entered into a number of forward contracts to sell the Euro receipts at a fixed rate in order to provide a guaranteed sterling amount to Ports of Jersey Limited over the life of the contract.

Whilst these instruments hedge foreign exchange risk, they have not been designated as hedging instruments and are accounted for at Fair Value through the Operating Cost Statement. More details on the management of Foreign Exchange risk is given in Note 9.34.

Year of Expiry		Nominal Amount Hedged £'000	Fair Value of Contract 31 Dec 2015 £'000	Fair Value of Contract 31 Dec 2014 £'000	Fair Value of Contract 1 Jan 2014 £'000
2014		4,884	–	–	174
2015		–	–	–	–
2016		10,439	(233)	–	–
Total Derivative Assets			**(233)**	**–**	**174**

Details of Gains and Losses recognised on this instruments are given in Note 9.9.

Other derivatives may be held on a short term basis where this is appropriate for the management of the States investments. No such instruments were held at the year end. As gains and losses are small and relate directly to investments held at Fair Value through the Profit or Loss, any gains and losses on these derivatives are included within gains and losses on these investments.

9.30 Past Service Liabilities

PECRS pre-1987 debt

The framework for dealing with the pre-87 debt is outlined in the Public Employees (Pension Scheme) (Funding and Valuation) (Jersey) Regulations 2015. Under the Regulations, annual repayments are due to be paid until September 2053. The amount payable increases each year in line with the average pay increase of Scheme members who are States employees. This means that the repayment of the debt is weighted towards the end of the loan period.

Due to the relative size of the annual payment the States does not consider that this liability leads to any significant liquidity risk.

The debt is valued as a salary-like bond and the long term nature of this arrangement means that the level of the debt is sensitive to changes in the market conditions that are used to value the debt. It is possible for the level of the debt to increase or decrease over the course of a financial year due to changes in market conditions. During 2015 the value of the pre-87 debt decreased by £26.7 million. This was mainly due to a payment of £20.7 million received from Ports of Jersey Limited on incorporation for their share of the pre-87 debt.

Changes in these assumptions can affect the value of the liability included in the Accounts. For example, an increase of 0.1% in the Discount Rate, or a decrease of 0.1% in the staff increase assumption, would result in a decrease in the liability of approximately £5 million. Conversely, a decrease of 0.1% in the Discount Rate, or an increase of 0.1% in the staff increase assumption would lead to an increase of approximately £5 million. Such movements in the liability amount are recognised within the “Movement in Pension Liabilities” line in the SoCNE.

Note 9.2 ‘Critical Accounting Judgements and key sources of estimation uncertainty’ contains further information on the judgements applied when considering the recognition of pension liabilities and past service debts.

	2015 £’000	2014 £’000
Balance at 1 January	**280,268**	**242,373**
Finance Charge	13,733	14,906
Payment in Year	(26,270)	(7,224)
Movement in Liability due to Changes in Assumptions	(14,166)	30,213
Balance at 31 December	**253,565**	**280,268**

AMOUNTS FALLING DUE

	31 Dec 2015 £’000	31 Dec 2014 £’000	1 Jan 2014 £’000
Within one year	7,206	5,649	6,370
After one year	246,359	274,619	236,003
Total	**253,565**	**280,268**	**242,373**

The calculation of the Closing Liability amount uses the following assumptions:

	2015 %	2014 %
Average future increase in Staff Expenditure	4.90	4.76
Discount Rate	5.16	4.90

JTSF Past Service Liabilities

The Teachers' Superannuation Scheme was restructured in April 2007 and as a result a provision for past service liability, similar to the PECRS pre-87 past service liability, was recognised. In 2012 the Scheme's Management Board made a proposal to the States on the treatment of the pension increase debt.

On the basis of the Management Board proposal the Scheme Actuary has calculated the value of this past service debt at the actuarial valuation date and an updated value as at 31 December 2015. As a result the provision has increased from £104.5 million to £108.1 million, with the movement being recognised within the "Movement in Pension Liabilities" line in the SoCNE.

This represents the expected amount that will be required to settle the liability, based on the latest information available in the Management Board proposal.

	2015 £'000	2014 £'000
Balance at 1 January	**104,452**	**101,057**
Net Movement in Liability amount	3,610	3,395
Balance at 31 December	**108,062**	**104,452**

The liability had not been formally agreed as at 31 December 2015, but it is planned that this will be completed following a review of the Jersey Teachers Superannuation Fund. This will lead to a proposition being taken to the States to amend the relevant orders to formally recognise the liability. In subsequent years the liability would then be valued in a similar way to the PECRS Pre-1987 Debt.

Actuarial Gains and Losses on both scheme assets and liabilities are recognised through Other Comprehensive Income.

9.31 Defined Benefit Pension Schemes Recognised on the Statement of Financial Position

The States of Jersey operates three defined benefit pension schemes which are not open to new members and all current members are receiving pension benefit: the Jersey Post Office Pension Fund (JPOPF), the Discretionary Pension Scheme (DPS) and the Civil Service Scheme (CSS). In addition, the States also has responsibility for the unfunded Pensions Increase Liability (PIL). The States also operates a further two schemes which are not recognised on the Statement of Financial Position, details of which are given in the Treasurer's Report.

Assumptions

The main financial assumptions made by the actuary where applicable were:

	2015 % p.a.	2014 % p.a.	2013 % p.a.
Jersey Price Inflation	3.00	3.00	3.70
Rate of general long-term increase in salaries	4.00	4.00	4.40
Rate of increase to pensions in payment	3.00	3.00	3.70
Rate of increase to pensions in payment payable by PECRS	3.00	3.00	3.55
Discount rate for scheme liabilities	3.70	3.50	4.40

Demographic Assumptions for each scheme are made by the Actuary, as are assumptions about the long term returns on various asset classes.

Scheme Assets and Liabilities

		31 Dec 2015			31 Dec 2014	1 Jan 2014
	Notes	Asset £'000	Liability £'000	Net (Asset) / Liability £'000	Net (Asset) / Liability £'000	Net (Asset) / Liability £'000
Jersey Post Office Pension Fund	i	(7,394)	8,405	**1,011**	1,032	1,227
Discretionary Pension Scheme		(231)	554	**323**	339	342
Jersey Civil Service Scheme (pre-67)		–	5,397	**5,397**	5,694	6,070
1972 Pensions Increase Act	ii	–	–	**–**	–	2,849
Total Defined Benefit Pension Schemes Net (Asset)/Liability		**(7,625)**	**14,356**	**6,731**	**7,065**	**10,488**

The JPOPF holds assets in several classes, with the majority being Gilts. The DPS has a single asset, in the form of a Secured Pension. The PECRS fund has taken on the responsibility for paying off the PIL.

Notes

i. The JPOPF had previously reported a small surplus for a number of years, but this is not recognised as an asset due to the restrictions of paragraph 58 of IAS 19.

ii. It has been agreed that PECRS will pay all future pensions increases effective on or after 1 January 2016 in line with the annual increase in the Jersey Cost of Living Index. The Liability as at 31 December 2015 under this agreement is therefore nil.

Amounts recognised in Net Revenue Expenditure

The difference between expected returns on scheme assets and interest on scheme liabilities is recognised in Net Revenue Expenditure.

	2015 £'000	2014 £'000
Jersey Post Office Pension Fund	37	176
Discretionary Pension Scheme	12	26
Jersey Civil Service Scheme (pre-67)	192	258
Pensions Increase Liability	–	(2,802)
Total Defined Benefit Pension Schemes Expenditure/(Income)	**241**	**(2,342)**

The PECRS fund has taken on the responsibility for paying off the PIL.

Amounts recognised in Other Comprehensive Income

Actuarial Gains and Losses on both scheme assets and liabilities are recognised through Other Comprehensive Income.

	31 Dec 2015 £'000	31 Dec 2014 £'000
Jersey Post Office Pension Fund	58	371
Discretionary Pension Scheme	17	18
Jersey Civil Service Scheme (pre-67)	61	220
Pensions Increase Liability	–	28
Total Actuarial Gains recognised in Other Comprehensive Income	**136**	**637**

9.32 Capital Commitments

At the balance sheet date the States had authorised capital expenditure of £121.6 million (2014: £97.2 million) from the consolidated fund which had not yet been incurred. A further £12.9 million was authorised from the Trading Funds, but not incurred (2014: £39.1 million). This amount includes the following amounts which are committed via a contractual arrangement, but not yet incurred/provided for.

	2015 £'000	2014 £'000
HSS: Equipment Replacement	394	288
HSS: Laundry Batch Washer	–	17
HSS: PSA Phase 1	–	81
HSS: Replacement MRI Scanner	16	–
HSS: Replacement RIS/PACS	265	–
TTS: Asbestos Waste Disposal	–	132
TTS: Liquid Waste Strategy	140	1,097
TTS: Energy From Waste Project	–	26
TTS: In Vessel Composting	–	7
TTS: Phillips Street Shaft	–	955
TTS: Sludge Thickener Project	630	1,105
TTS: Waste Ash Pits La Collette	–	3
TTS: Fiscal Stimulus Parish Project	–	108
TTS: Replacement Assets	–	68
TTS: Clinical Waste	–	2
TTS: Infrastructure Rolling Vote	851	1,042
TTS: New Recycling Centre	720	82
TTS: New Public Scrap Yard	–	64
DOE: Equipment maintenance and Minor	–	29
DOE: Automatic weather station	–	8
DOE: Countryside infrastructure	–	74
T&R (JPH): Police Relocation (Phase 1)	11,662	19,929
T&R (JPH): St Martin	–	1,400
T&R (JPH): Youth Service Works – various	–	1,107
T&R (JPH): Future Hospital	660	1,284
T&R (JPH): Autism Support Unit	–	388
T&R (JPH): Tax Transformation Prog and IT	142	–
T&R (JPH): Main theatre	3,099	–
T&R (JPH): Add. Primary School Accommodation	2,567	–
T&R (JPH): ITAX Development – Taxes Office	20	–
Home Affairs: Biometric Passports	332	706
Home Affairs: Minor Capital	2,196	2,440
Home Affairs: F&R Building Repairs	–	1
Home Affairs: Tetra Radio Replacement	321	453
Home Affairs: Prison Control Room	91	178
Home Affairs: Security Measures	66	66
Home Affairs: Prison Cell call system	99	99

	2015 £'000	2014 £'000
Non Mins: Minor Capital	290	–
Jersey Harbour: Gorey Pierhead	–	90
Jersey Fleet Management: Vehicle and Plant Replacement	108	959
Jersey Car Parks: Anne Court Car Park	–	1
Jersey Car Parks: Car Park Maint and Refurbishment	–	55
Jersey Car Parks: Automated Charging System	–	32
Total Capital Commitments	**24,669**	**34,376**

9.33 Commitments under Operating Leases

The States as Lessee

Total Minimum lease payments under operating leases are given below:

		2015 £'000	2014 £'000
Land and Buildings			
Within one year		741	627
In the second to fifth years inclusive		2,657	1,778
After five years		797	484
Total Land and Buildings		**4,195**	**2,889**
Plant and Machinery			
Within one year		–	–
In the second to fifth years inclusive		–	–
After five years		–	–
Total Plant and Machinery		**–**	**–**
Other Operating Leases			
Within one year		185	248
In the second to fifth years inclusive		–	–
After five years		–	–
Total Other Operating Leases		**185**	**248**
Total Operating Lease Commitments		**4,380**	**3,137**

The States as Lessor

The States acts as lessor in a number of operating lease arrangements.

Included in Property, Plant and Equipment are assets held for use in operating leases:

		2015 £'000	2014 £'000
Cost		897,756	800,202
Accumulated Depreciation		(37,478)	(65,187)
Net book Value		**860,278**	**735,015**

At the balance sheet date, the States had contracted with tenants for the following minimum lease payments:

		2015 £'000	2014 £'000
Within one year		48,996	47,248
In the second to fifth years inclusive		220,297	219,722
After five years		66,855	3,149
Total		**336,148**	**270,119**

9.34 Risk Profile and Financial Instruments

This note provides information about financial instruments which are material in the context of the accounts as a whole.

This year represents the fifth full year of operation of the Common Investment Fund (CIF) following its establishment on 1 July 2010. The CIF was instigated as an arrangement to allow States Funds and other Funds managed by the States to pool their assets for investment purposes. A small proportion of investments are held outside the CIF these include Infrastructure Investments made directly by the Jersey Currency Fund and a number of cash investments, mostly held by the States Cash Manager. The total value of the CIF as at the 31 December 2015 was £2,943.4 million, Infrastructure Investments equated to £10.8 million and cash investments held outside the CIF equalled £115.1 million.

The Minister for Treasury and Resources presented the latest investment strategy in December 2015 setting out the strategy for each Fund including strategic aims and investment limits. The identification, understanding and management of risk are, by necessity, a major part of the management activities.

1 Investments

MARKET RISK

Market risk incorporates a number of risks including price risk, currency risk and interest rate risk. Each is considered separately below:

Price Risk

Price risk is the risk of a decline in the value of a security or a portfolio.

Price Risk (Equity Pools)

The States of Jersey is exposed to equity price risk through its holdings of equity recognised on the balance sheet at fair value through profit or loss. By the year end, all equity assets were held through the CIF; directly held equity positions totalled £1,248.8 million with a further £377.4 million held indirectly through collective investment vehicles, of these totals £1,068.7 million of the directly held equity is held by Funds consolidated in the States of Jersey accounts and £287 million of the equity held indirectly through collective investment vehicles. The value of these holdings will vary subject to market fluctuations.

Over long periods of time, investment pools are expected to produce positive total returns; in the short-term the value of the pools will fluctuate according to market conditions. Investment Strategies for investment pools are developed for generally long-term growth and it is possible that investment objectives may not be fully met over a short-term horizon.

Price risk is managed through diversification and selection of securities. Selection of securities is delegated to Investment Managers who in turn must comply with risk management conditions within their individual mandates.

The majority of the States of Jersey's equity investments are publicly traded and are listed on a range of recognised global stock exchanges. The overall market position is monitored on a daily basis by the Fund's Investment Managers, is reviewed monthly by Treasury officials and on a quarterly basis by the Treasury Advisory Panel. The Treasury Advisory Panel is a board, including independent members, established by the Minister to provide advice on discharging his responsibilities and exercising relevant powers. The primary focus of the Panel is to advise on matters relating to investment.

Over a short period equity can be expected to show considerable volatility in valuation; these valuations are determined by market forces. The States equity holdings are maintained in a diversified portfolio spread across a global opportunity set, an appropriate benchmark to reflect this range of assets would be the MSCI World Index. Over the last 10 years, the largest annual drawdown seen in this benchmark was in 2008 during the financial crisis; that year recorded a 40.3% fall in value. The largest rise over the same period was the following year, 2009, which saw a 30.8% rise. Although these movements are considered historically extreme and the active management of the CIF would hope to reduce such exposures this range has been applied to illustrate the potential exposure to equity price risk at the reporting date. The impact of a 40% fall in global equity prices attributed to Funds consolidated within the States Accounts would be estimated to result in a fall in value of £542.3 million, the impact of a 30% rise would be a gain of £406.7 million.

The equity-focused collective investment vehicles in which Funds consolidated into these financial accounts are invested are disclosed below:

Pooled Global Equity Pool:

- Schroder Unit Trusts Limited: QEP Global Active Value Fund (£192.7 million)

UK Equities II Pool:

- Majedie Asset Management: Majedie UK Smaller Companies Fund (£20.1 million)

Pooled Emerging Market Equity Pool:

- AQR Capital Management, LLC: AQR Emerging Equities UCITS Fund (£72.8 million)
- Uni Global SICAV: Uni-Global Equities Emerging Markets (£77.2 million)

Price Risk (Non-Equity Assets)

Price risk for non-equity assets, excluding holdings of the Absolute Return Pool covered in the following section, is driven by holdings of interest-bearing securities (held directly and indirectly) and property (held indirectly). Price risk for interest-bearing securities is deemed to be a function of credit risk and interest rate risk and is assessed within those sections. The CIF is exposed to property price risk through its holdings via collective investment vehicles which are recognised on the balance sheet at fair value through profit or loss; the total exposure within the CIF is £179.7 million with £90.3 million of that value attributable to Funds consolidated within these accounts. All underlying collective investment vehicles invest only in UK commercial properties.

Property price risk is managed through diversification and selection of properties. Selection of properties is delegated to Investment Managers who in turn must comply with risk management conditions within their individual mandates.

The property pools each hold units in separate collective investment vehicles. Disclosures with regard to the price risk are publicly available at the fund manager's respective website, the collective investment vehicles held in each pool are disclosed below:

Pooled Property Pool I holds units in the following collective investment vehicles:

- Blackrock UK Property Pool (£45.0 million)
- Threadneedle Property Unit Trust (£44.4 million)

Pooled Property Pool II holds units in the following collective investment vehicles:

- Blackrock UK Property Pool (£30.0 million)
- Threadneedle Property Unit Trust (£31.2 million)
- Lothbury Property Fund (£29.1 million)

Price Risk (Absolute Return Funds)

The States of Jersey is exposed to price risk through its holdings of a portfolio of absolute return funds, investment is achieved via collective investment vehicles which are recognised on the balance sheet at fair value through profit or loss. Through these holdings, the States of Jersey is indirectly exposured to both equity and non equity price risk. By the year, end the absolute return portfolio included investment in six absolute return funds with a total valuation of £227.7 million, of this value £190.2 million is attributable to Funds consolidated within these accounts. The value of these holdings will vary subject to market fluctuations. Although a return-seeking asset the absolute return portfolio is constructed to provide returns which are non-correlated with equity class assets while providing protection in downturns. Consequently, when included as part of a diversified portfolio, the combined price risk, at any single point in time, is expected to be lowered.

Price risk of the Absolute Return Pool as a whole is managed through diversification across a range of managers and strategies, designed to generate an overall risk return profile which can be beneficially combined with other asset classes. Selection of underlying assets across a wide opportunity set of securities and derivatives is delegated to the Investment Managers who in turn must comply with risk management conditions within their individual mandates.

As at the year end, the Absolute Return Pool held investments in 6 separate collective investment vehicles. These vehicles are disclosed below:

Absolute Return Pool:

- Arrowgrass Master Fund (£30.0 million)
- Och-Ziff Master Fund (£40.7 million)
- Capital Fund Management Stratus Fund (£44.2 million)
- Brevan Howard Master Fund (£42.8 million)
- Caxton Global Investments Fund (£40.9 million)
- Winton Futures Fund (£29.1 million)

Currency/Foreign Exchange Risk

Currency risk is a form of risk that arises from the change in price of one currency against another.

Currency/Foreign Exchange Risk (Equity Pools)

The equity pools may invest in equities denominated in currencies other than sterling. As a result, changes in the rates of exchange between currencies may cause the value the pools to vary in line with the value of the investments held within them. For active managers all benchmarks are denominated in Sterling and the managers are responsible for management of their overall exposures against that benchmark.

The table below illustrates the sensitivity of the CIF's directly held equity investments, attributable to Funds consolidated within the States accounts, to changes in foreign exchange movements at 31 December 2015. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 10%, with all other variables held constant. The movements in valuation are illustrated in Sterling:

Equity Denomination:	Impact of a 10% fall in the relative value of sterling £m	Impact of a 10% rise in the relative value of sterling £m
Euro €	10.1	(10.1)
US Dollar $	56.1	(56.1)
Other	18.2	(18.2)

Although units in the collective investment vehicles are denominated in Sterling they provide indirect exposure to exchange risk. As at the year end, 3 equity class pools invested in by Funds consolidated into the States financial accounts were invested through collective investment vehicles (see equity price risk section for details of these vehicles). Of the four disclosed vehicles (one pool invests in two different collective investment vehicles) the Majedie Asset Management Fund invests only in UK equity and is not exposed directly to foreign exchange risk through the denomination of its holdings.

Currency/Foreign Exchange Risk (Non Equity Assets)

Direct holdings of non-equity assets, excluding absolute return funds dealt with below, include UK government bonds, certificates of deposit and fixed deposits. These assets are entirely denominated in Sterling and bear no direct currency exchange risk. Holdings of corporate bonds and UK property within collective investment vehicles are also held within the CIF. These vehicles are denominated in Sterling and (except for the Absolute Return Bond Pool) invest solely in Sterling assets therefore do not expose the CIF to foreign exchange risk through the denomination of their holdings.

The Absolute Return Bond Pool invests through sterling denominated collective investment vehicles which offer no direct exposure to foreign exchange risk, however the underlying manager is free to invest in global fixed income instruments denominated in multiple currencies and therefore indirectly exposes the CIF to foreign exchange risk.

The managers of the Absolute Return Bond Pool are responsible for managing this risk through diversification and selection of securities and may employ techniques and financial instruments to provide protection against exchange risk in the context of the management of the assets and liabilities of their respective Fund and under the conditions described in their individual investment mandates.

Currency/Foreign Exchange Risk (Absolute Return Funds)

As at the year end, all Absolute Return investments were managed through sterling denominated collective investment vehicles which offer no direct exposure to foreign exchange risk. However the underlying manager is free to invest in a wide range of assets and derivative instruments denominated in multiple currencies and therefore indirectly exposes the CIF to foreign exchange risk.

The managers of the Absolute Return Pool are responsible for managing this risk through diversification and selection of securities and may employ techniques and instruments to provide protection against exchange risks.

INTEREST RATE RISK

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. Although movement in interest rates will impact the pricing of assets other than fixed income investments, the impact to these assets is deemed to be indirect and is considered to be part of price risk considered in the price risk sections earlier within this note. The CIF holds fixed interest securities directly within the cash and gilt pools and indirectly within the collective investment vehicles within the Corporate Bond Pool and Absolute Return Bond Pool. The arrangements per asset class are further examined below:

Gilts

UK gilts are held within the Short-Term Government Bond Pool and Index-Linked Government Bond Pool. The CIF holds gilts directly and manages the associated interest rate risk through limiting the duration of the States holdings. The average effective duration of the gilt portfolio is a measure of the sensitivity of the fair value of the gilt holding to changes in market interest rates. The average duration of the Pools' holdings are maintained at a constant level, the maturity profile of gilts consolidated within the States accounts are illustrated below.

Maturity	Holding £m	Total held in CIF £m
Less than one year	53.8	53.8
Between one and two years	56.2	56.2
Between two and five years	23.6	23.7
More than five years	15.8	17.5

Corporate bonds/absolute return bond pool

Corporate bonds are held only indirectly through collective investment vehicles as described within the credit risk section. Interest rate risk within the collective investment vehicles is managed through management of the duration of pooled portfolio; the vehicles may also use derivative instruments such as futures, options and swap agreements to modify duration, subject to restrictions. Risk management within the collective investment vehicles is carried out in line with each vehicle's individual mandate and investment restrictions. Further details of these vehicles are publicly available at the fund manager's respective website within the vehicle prospectus and annual accounts. Details of the vehicles held by the Absolute Return Bond Pool and UK Corporate Bond Pool can be found within the credit risk section.

Cash

The CIF Long Term Cash Pool is managed by the same manager as the deposit accounts of the States of Jersey; interest rate risk is monitored over the entire cash holding of the States and is examined within section 2 of this note, Cash Management.

CREDIT RISK

The States' investments are exposed to credit risk, which is the risk to one party that a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the States is exposed arises from investment in debt securities. The CIF is also exposed to credit risk through our holdings of cash and cash equivalents, amounts due from brokers and other receivable balances. Credit risk is managed through diversification and selection of securities. Selection of securities is delegated to Investment Managers who in turn must comply with risk management conditions within their individual mandates. The arrangements per asset class are further examined below:

Gilts

Gilts are held within the Short-Term Government Bond Pool and Index-Linked Government Bond Pool. Only UK gilts are held and are dependent on the solvency of the UK Government. The credit rating of the UK Government is Aa1; this rating is monitored by the investment advisor who reports on the UK gilts pools both quarterly to the Treasury Advisory Panel and by exception.

Corporate bonds/absolute return bonds

Both the Absolute Return Bond Pool and UK Corporate Bond Pool of the CIF invest in corporate bonds. No assets are held directly as the pools invest through collective investment vehicles. These pools indirectly expose the CIF to credit risk. Credit risk within the collective investment vehicles is managed through diversification and selection of securities, the funds may also use derivative instruments such as futures, options and swap agreements for hedging purposes, subject to restrictions. Risk management within the collective investment vehicles is carried out in line with each vehicle's individual mandate and investment restrictions.

The further details of these vehicles are publicly available at the fund manager's respective website within the vehicle prospectus and annual accounts. Details of the collective investment vehicles are disclosed below:

The UK Corporate Bond Pool holds units in the following collective investment vehicles:

- PIMCO Funds: Global Investors Series plc: UK Corporate Bond Fund
- Insight Investments Discretionary Funds ICVC: UK Corporate Bond All Maturities Bond Fund

The Absolute Return Bond Pool holds units in the following collective investment vehicle:

- Insight LDI Solutions Plus Plc: Insight Libor plus 400 Fund
- Goldman Sachs Funds, SICAV: Goldman Sachs Global Strategic Income Bond Portfolio
- Wellington Management Company LLP: Global Total Return II Portfolio

Cash

The CIF Long-Term Cash Pool is managed by the same manager as the deposit accounts of the States of Jersey; credit risk is monitored over the entire cash holding of the States and is examined within section 2 of this note, Cash Management.

OPERATIONAL RISK

INVESTMENT MANAGER RISK

A key risk for the investment of States' assets is manager risk, which is the risk that a manager underperforms their relative benchmark. This risk is managed through diversification and monitoring of their underlying investment managers. Diversification is ensured through limits which are placed on the amount which may be invested with each manager; this limits the risk exposure with any single Investment Manager. Holdings relative to limits are monitored monthly and reported quarterly to the Treasury Advisory Panel. Where the maximum limit on a pool is reached, the pool can be expected to be closed to new investment.

The capacity limit is a soft limit and increases in market value above the maximum value may still occur due to appreciation of the market value of the investments. Breach of limits would not automatically trigger sales but would be highlighted for consideration by the Treasury Advisory Panel, who would assess whether to re-balance the holdings.

The following table sets out the range limits for each Investment Manager per asset class:

Pool Asset Classes	Minimum Amount £m	Maximum Amount £m
Equities (Global and UK)	75	350
Equities (Emerging Markets)	20	200
Bonds (per mandate)	25	200
Property	–	100
Cash	–	100,000

An in-principle minimum and maximum value is set for the amount which may be invested per individual Investment Manager, dependent on respective class of investment they manage.

Maximum limits are determined by a number of factors including the risk deemed to be inherent in the asset class; minimum values are set to ensure fee scales remain efficient.

Absolute Return Managers operate as components as part of a diversified portfolio maintained in a single pool. Allocations between these managers have been specifically tailored to ensure appropriate diversification of manager risk and to deliver desired characteristics. The absolute return pool will contain 11 managers, 6 of which were appointed by year end, the remaining managers were successfully appointed by February 2016. Allocations to individual Absolute Return Managers are monitored as part of an overall portfolio on an ongoing basis and formally reported to the Treasury Advisory Panel quarterly, as such they are not subject to individual manager limits. Allocations to individual managers in this portfolio have not exceeded £50 million and are not expected to exceed £100 million.

Performance of each manager is monitored on a monthly basis and reported and scrutinised by the Treasury Advisory Panel on a quarterly basis. The States' investment advisor also conducts a continuous monitoring program over the managers and reports both by exception and at the quarterly meetings of the Treasury Advisory Panel.

The CIF is exposed to operational risks through its investment managers and custodian. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems and includes custody risk which is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the CIF to transfer securities might be temporarily impaired.

The Custodian and Investment Managers are monitored on an ongoing basis to ensure continuing compliance with their mandates; this includes annual review of SSAE16 reports where such reports are commissioned by the managers/custodian and any breaches are examined to determine the cause and any actions required.

The States Investment Advisor also conducts a continuous monitoring program to ensure the level of operational control and risk management remain appropriate and reports both by exception and quarterly to the Treasury Advisory Panel.

LIQUIDITY AND CASH FLOW RISK

The Treasury forecasts cash flow for Funds to ensure that sufficient short-term cash is available to meet monthly cash requirements. Each Fund's asset strategy is prepared taking account of cash/liquidity requirements, and investments are held in accordance with these strategies. When required, units are sold from the CIF to provide the necessary liquidity, though withdrawals from CIF pools are limited to monthly dealing.

Each pool of the CIF holds a limited amount of broker cash as required for the management of the pool's investments.

In segregated mandates, the Investment Manager of the pool manages the liquidity requirements of the pool in accordance with their investment mandate. For pools holding collective investment vehicles, cash held within the unit is managed by the Vehicle Manager in accordance with their investment mandate. Only a small amount of liquid cash, sufficient for payment of fees or for operational purposes, is held outside of the vehicle.

2 Cash Management

The States' cash holdings are split between strategic cash holdings held within the long term cash pool of the CIF, more liquid operational cash accounts with States Cash Manager outside the CIF and daily cash accounts held with HSBC. The CIF Long Term Cash Pool is managed by the same manager as operational cash accounts; risk is assessed over these combined holdings rather than segregated between cash within the CIF and outside. Daily cash accounts are cleared to the operational cash accounts on a daily basis and hold only trifling cash balances.

CREDIT RISK

The States Cash Manager is restricted to counterparties with a minimum credit rating of AA- or Aa3 for long-term deposits and A1 or P1 for short term deposits as designated by the rating agencies listed in the table below. An exemption was granted to Lloyds TSB Bank and Royal Bank of Scotland while the UK Government retained a shareholding of greater than 40%.

Deposit term	Minimum Industry Rating
Short term (up to 3 months)	Standards & Poor's A1 and Moody's P1
Long term (over 3 months)	Standards & Poor's AA- and Moody's Aa3

Assets are required to be sold when an Institution holding a deposit is downgraded to A3 or lower (unless otherwise instructed). No single counterparty can account for over 10% of the book value of the States portfolio.

In accordance with the investment mandate, the States Cash Manager monitors the Fund's credit position on a daily basis; the investment position is monitored monthly and reported periodically to the Treasury Advisory Panel.

Broker Cash

Cash is also held within investment pools of the CIF to facilitate trading, all amounts due from brokers are held by parties with a credit rating of AA/Aa or higher.

INTEREST RATE RISK

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets' interest rates on the fair value of financial assets and liabilities and future cash flow. The States of Jersey is exposed to interest rate risk through its cash holdings both within the CIF and through accounts held outside the CIF. A small exposure exists through cash holdings in non-cash pools where cash is held to facilitate trading and the operational requirements.

By far the greatest concentration of cash is held within the Long-Term Cash Pool within the CIF and within operational accounts outside the CIF. These accounts are managed by the States of Jersey Cash Manager. Interest rate risk associated with these accounts is managed by the States Cash Manager through selection of securities to manage the underlying duration of the total portfolio. The Cash Manager also makes placement decisions, not only based on expectation of future interest returns, but also in conjunction with the cash flow requirements of the States of Jersey.

FOREIGN CURRENCY RISK MANAGEMENT

The States of Jersey may undertake certain transactions denominated in foreign currencies as part of its operations, and this leads to an exposure to exchange rates fluctuations. Exchange rate exposures are managed within approved policy parameters and reviewed by the Treasury Advisory Panel on a quarterly basis. When large future flows of foreign currency balances are known forward foreign exchange contracts are utilised to hedge against movements in rates. The States also holds some cash denominated in foreign currency to meet its cash flow needs, these holdings are limited to control exposure.

The carrying amounts of the States of Jersey foreign currency denominated monetary assets at the reporting date are as follows.

Foreign currency denominated monetary assets:	2015 £m	2014 £m	2013 £m
US Dollar $	6.9	5.1	9.5
Euro €	1.1	2.9	5.7
Other	0.3	10.9	3.2

3 Receivables

The States hold net receivables with a total value of £187.4 million as at the end of 2015 with £183.9 million due within one year. Of this, £71.9 million relates to taxation revenue.

CREDIT RISK

Further information on the breakdown and maturity analysis of receivables can be found in Note 9.22 'Trade and Other Receivables'.

4 Interest rate disclosures

	Fixed rate £'000	Variable rate £'000	No interest payable/receivable £'000	Total £'000
Financial Assets				
Sterling £				
Advances	10,337	–	–	10,337
Infrastructure Investments	10,750	–	–	10,750
Investments	–	–	1,223,916	1,223,916
Gilts	149,442	–	–	149,442
Certificates of Deposit	234,364	–	–	234,364
Corporate Bonds	4,973	1,982	–	6,955
Cash	115,521	88,353	6,918	210,792
US Dollars $				
Investments	–	–	561,313	561,313
Cash	3,238	3,558	71	6,867
Euros €				
Investments	–	–	101,189	101,189
Cash	–	27	1,053	1,080
Other				
Investments	–	–	181,903	181,903
Cash	–	373	1	374
Total Financial Assets	**528,625**	**94,293**	**2,076,364**	**2,699,282**
Financial Liabilities				
Finance Leases	4,698	–	–	4,698
External Bond	243,112	–	–	243,112
Total Financial Liabilities	**247,810**	**–**	**–**	**247,810**

5 Maturity analyses

Maturity analyses are included for Advances and Investments held at Fair Value through Profit or Loss in Notes 9.17 and 9.20 respectively, and for Finance lease obligations in Note 9.27.

Fixed rate financial assets	Weighted average rate	Weighted average period (months)
Advances	3.52%	228.6
Gilts	3.39%	26.0
Certificates of Deposit	0.89%	5.0
Corporate Bonds	0.96%	9.6

Note all rates are based on absolute rates.

6 Fair value disclosures

The Fair Value of financial instruments carried at Fair Value is determined using an appropriate valuation method. The different levels are

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In these accounts, the following classes of financial instruments are valued using the following valuation methods:

Level 1

» Investments held at Fair Value through Profit or Loss (see Note 9.20)
- Index Linked Bonds Pool
- Short Term Government Bonds Pool
- Long Term Cash and Cash Equivalents Pool
- UK Equities II Pool
- Global Equities I Pool
- Global Equities II Pool
- Global Equities III Pool
- Passive Global Equities Pool

» Cash Equivalents (see Note 9.23)

Level 2

» Investments held at Fair Value through Profit or Loss (see Note 9.20)
- Pooled Global Equity Pool
- Pooled Emerging Market Equity Pool
- Pooled Special Equity Pool
- UK Corporate Bond Pool

» Derivative Forward Contracts (see Note 9.29)

Level 3

» Investments held at Fair Value through Profit or Loss (see Note 9.20)
- Absolute Return Bond Pool
- Absolute Return Pool
- Pooled Property I Pool
- Pooled Property II Pool

» Strategic Investments (see Note 9.18)

» Other Available for Sale Financial Instruments (see Note 9.18)

» Derivative Letters of Comfort (see Note 9.29)

9.35 SOJ Common Investment Fund

a) Explanation of the CIF

The States of Jersey – Common Investment Fund (the "CIF") was established in 2010 by proposition P.35/2010, lodged by the Minister for Treasury and Resources. The purpose of the proposition was to amend several existing regulations to enable the pooling of States Funds' assets for Investment Purposes and was approved by the States of Jersey on 12 May 2010.

The purpose of the CIF is to create an administrative arrangement which is open only to States Funds including Separately Constituted Funds, Special Funds and Trust and Bequest Funds to provide them with the opportunity to pool their resources and benefit from greater investment opportunities and economies of scale.

The CIF pools together the assets from a number of Funds and collectively invests the underlying assets, enabling them to invest in accordance with their own agreed asset allocations as published in their strategies. The Minister for Treasury and Resources presented his latest investment strategy on 1 December 2015. Investing through a single investment vehicle allows economies of scale to be exploited increasing the potential return of the investments held and diversity of asset classes.

The CIF became operational on 1 July 2010 and as at 31 December 2015 contained 16 investment pools that holding a range of asset classes (including equity, bonds, gilts, cash and property).

The following are participants in the CIF which are not within of the States of Jersey Accounting Boundary and so not consolidated within these accounts:

- Le Don De Faye
- Rivington Travelling Scholarship Fund
- Greville Bathe Fund
- Ann Alice Rayner Fund
- A H Ferguson Bequest
- Estate of E J Bailhache
- Jersey Teachers Superannuation Fund
- H E Le Seelleur

b) CIF – Statement of Comprehensive Net Expenditure for the year ended 31 December 2015

		2015			2014
		Total CIF	Attributable to Entities Outside the SOJ Accounts	Included in the SOJ Accounts	Included in the SOJ Accounts
		£'000	£'000	£'000	£'000
Revenue					
Investment Income		(53,221)	(9,127)	(44,094)	(42,417)
Change in Fair Value of Financial Assets held at Fair Value through Profit or Loss		(40,088)	(10,857)	(29,231)	(132,864)
Total Revenue		**(93,309)**	**(19,984)**	**(73,325)**	**(175,281)**
Expenditure					
Supplies and Services		14,321	2,214	12,107	11,034
Other Operating Expenditure		2,020	275	1,745	1,753
Foreign Exchange Loss/(Gain)		462	94	368	(544)
Total Expenditure		**16,803**	**2,583**	**14,220**	**12,243**
Net Revenue Income		**(76,506)**	**(17,401)**	**(59,105)**	**(163,038)**

c) CIF – Statement of Financial Position as at 31 December 2015

	Total CIF 31 Dec 2015 £'000	Attributable to Entities Outside the SOJ Accounts 31 Dec 2015 £'000	Included in the SOJ Accounts 31 Dec 2015 £'000	Included in the SOJ Accounts 31 Dec 2014 £'000	Included in the SOJ Accounts 1 Jan 2014 £'000
Non-Current Assets					
Investments held at Fair Value through Profit or Loss	2,612,463	446,536	**2,165,927**	1,944,568	1,766,191
Total Non-Current Assets	**2,612,463**	**446,536**	**2,165,927**	**1,944,568**	**1,766,191**
Current Assets					
Investments held at Fair Value through Profit or Loss	294,697	1,542	**293,155**	420,200	156,984
Trade and Other receivables	4,862	260	**4,602**	5,259	6,042
Cash and Cash Equivalents	35,356	4,462	**30,894**	53,475	46,985
Total Current Assets	**334,915**	**6,264**	**328,651**	**478,934**	**210,011**
Current Liabilities					
Trade and Other Payables	(4,004)	(501)	**(3,503)**	(2,039)	(7,645)
Total Current Liabilities	**(4,004)**	**(501)**	**(3,503)**	**(2,039)**	**(7,645)**
Assets Less Liabilities	**2,943,374**	**452,299**	**2,491,075**	**2,421,463**	**1,968,557**
Taxpayers Equity					
Accumulated Revenue and Other Reserves	747,638	74,520	**673,118**	614,016	450,965
Net contributions	2,195,736	377,779	**1,817,957**	1,807,447	1,517,592
Total Taxpayers Equity	**2,943,374**	**452,299**	**2,491,075**	**2,421,463**	**1,968,557**

d) CIF – Income and Expenditure by Pool

	2015				2014
	Investment Income £'000	Change in Fair Value £'000	Operating Expenditure £'000	Net Income £'000	Net Income £'000
Index Linked Bonds Pool	29	(66)	(8)	**(45)**	591
Short Term Government Bonds Pool	8,186	(7,196)	(135)	**855**	4,644
Long Term Government Bonds Pool	–	–	–	**–**	–
Short Term Corporate Bonds Pool	–	–	–	**–**	–
Long Term Corporate Bonds Pool	–	–		**–**	–
Long Term Cash and Cash Equivalents Pool	1,584	526	(220)	**1,890**	802
UK Equities II Pool	7,664	(6,921)	(3,111)	**(2,368)**	6,397
Global Equities I Pool	7,727	20,732	(2,026)	**26,433**	58,593
Global Equities II Pool	6,063	20,357	(2,565)	**23,855**	27,521
Passive Global Equities Pool	7,836	5,744	(1,459)	**12,121**	36,542
Pooled Global Equity Pool	4,163	(4,880)	(1,017)	**(1,734)**	18,837
Pooled Property I Pool	3,217	4,559	(659)	**7,117**	5,043
Pooled Emerging Market Equity Pool	75	(17,275)	(831)	**(18,031)**	(1,028)
Global Equities III Pool	2,868	11,396	(1,129)	**13,135**	18,678
Absolute Return Bond Pool	146	4,413	(1,820)	**2,739**	5,217
UK Corporate Bond Pool	(12)	3,823	(464)	**3,347**	16,978
Pooled Property II Pool	3,360	6,684	(640)	**9,404**	7,713
Pooled Special Equity Pool	–	289	(31)	**258**	304
Absolute Return Pool	315	(2,097)	(688)	**(2,470)**	–
CIF Total	**53,221**	**40,088**	**(16,803)**	**76,506**	**206,832**
Less: amount attributable to Participants outside the Group Boundary	9,127	10,857	(2,583)	**17,401**	43,794
Total – SOJ Accounts	**44,094**	**29,231**	**(14,220)**	**59,105**	**163,038**

During the year there were a number of appointments to the CIF; a second manager was appointed to the Emerging Market Equity Pool, and a further two managers were appointed to the Absolute Return Bond Pool in place of one removed in 2014. A new Absolute Return Pool was added to the CIF in December 2015, the pool is planned to be split across a portfolio of 11 managers, 6 were appointed and funded by the end of 2015 with the remaining five added in early 2016.

e) CIF – Changes in Market Value of Investments by Pool

	Market Value 1 Jan 2015 £'000	Purchases £'000	Sales £'000	Unrealised Gains/ (Losses) £'000	Market Value 31 Dec 2015 £'000
Index Linked Bonds Pool	3,439	29	–	(66)	**3,402**
Short Term Government Bonds Pool	260,321	119,321	(233,665)	1,900	**147,877**
Long Term Government Bonds Pool	–	–	–	–	**–**
Short Term Corporate Bonds Pool	–	–	–	–	**–**
Long Term Corporate Bonds Pool	–	–	–	–	**–**
Long Term Cash and Cash Equivalents Pool	184,828	417,869	(359,868)	41	**242,870**
UK Equities II Pool	234,006	81,168	(82,011)	(24,073)	**209,090**
Global Equities I Pool	368,852	95,675	(88,342)	(17,757)	**358,428**
Global Equities II Pool	320,595	44,175	(56,543)	7,939	**316,166**
Passive Global Equities Pool	352,838	126,166	(246,409)	(29,398)	**203,197**
Pooled Global Equity Pool	201,505	4,394	(7,820)	(5,359)	**192,720**
Pooled Property I Pool	63,038	21,779	–	4,559	**89,376**
Pooled Emerging Market Equity Pool	91,439	85,010	(9,670)	(16,791)	**149,988**
Global Equities III Pool	171,832	22,307	(19,308)	7,264	**182,095**
Absolute Return Bond Pool	285,715	2,186,069	(2,084,979)	4,448	**391,253**
UK Corporate Bond Pool	175,292	–	(80,807)	(6,278)	**88,207**
Pooled Property II Pool	80,585	3,230	(203)	6,684	**90,296**
Pooled Special Equity Pool	7,031	7,287	(60)	286	**14,544**
Absolute Return Pool	–	844,584	(614,917)	(2,016)	**227,651**
CIF Total	**2,801,316**	**4,059,063**	**(3,884,602)**	**(68,617)**	**2,907,160**
Less: amount attributable to Participants outside the Group Boundary	436,548	433,682	(414,286)	(7,866)	**448,078**
Total – SOJ Accounts	**2,364,768**	**3,625,381**	**(3,470,316)**	**(60,751)**	**2,459,082**

f) CIF – Participant Information

Each Participant within the States Accounting Boundary gives information of the performance of its CIF Investments as part of the Fund pages in the Unaudited Annex to the Accounts.

9.36 Contingent Assets and Liabilities

Contingent Assets

There are no Contingent Assets as at 31 December 2015 (2014: Nil).

Guarantees not recognised as Financial Liabilities

Jersey New Waterworks Company

The States of Jersey have provided a guarantee to HSBC Plc up to a maximum of £16.2 million (2014: £16.2 million) for amounts outstanding in respect of a loan to the Jersey New Waterworks Company Limited. As at the year end the amount guaranteed was £14.9 million (2014: £14.9 million). This guarantee was first provided in its current form in 1999, and historically no amounts have been drawn down in relation to it. Due to the stability of the company and the resulting low likelihood of default, the current value of total expected outflows under this guarantee will be very low and so no amount is recognised on the Statement of Financial Position.

Student Loan Guarantees

Faced with increasing tuition fees and increased numbers of local young people seeking entry to higher education, the Education Sport and Culture Department has worked with local banks to offer a loan facility valued at up to £1,500 per year to all students attending programmes of higher education in the UK. The introduction of this facility helps to spread the costs of tuition by enabling the student to take responsibility for part of the costs. The interest rate is set at 1% above base rate and young people taking up the offer commence repayments one year after graduation.

The States of Jersey has given guarantees against these loans to the banks. As at the year end the value of the loans amounted to £2.7 million (2014: £2.6 million).

There is no experience of default in the Jersey Scheme, and the equivalent scheme in the UK experiences defaults on approximately 1% of the total balance each year. Using a simplified analysis of the guarantees this would suggest that the current value of total expected outflows under the scheme will be very low (less than £50,000) and so no amount is recognised on the balance sheet for these guarantees.

Other Contingent Liabilities

There are several cases where a possible obligation may exist (as a result of past events), and where the existence of the liability will be confirmed only by future events outside of the States control.

Civil claims against the States of Jersey still continue to be a present obligation that arises from past events with regards to the Independent Jersey Care Inquiry. Although the quantum has been estimated within the banding set by a UK specialist counsel based on a sample of claims, there is a substantial process to be undergone before the matter can be finalised. A provision for this liability cannot be made in the Accounts because the amount of the obligation cannot be measured with sufficient accuracy.

Junior doctors work in Jersey as part of a rotation with the NHS, with pay set by the NHS. Currently pay for junior doctors in the NHS is under dispute. There is a potential liability with regards to the pay award for 2015, however no provision can be made as the amount of the obligation is currently unknown.

The UK passed legislation in 2015 requiring the NHS to charge overseas visitors 150% of the standard cost based tariff for hospital services. The legislation, set out in Regulations, is ambiguous about its intended impact on Jersey patients, and therefore it is unclear whether this charge will impact Jersey patients. As such, the certainty is unknown as a provision cannot made for this amount.

The Jersey Innovation Fund was set up in to provide loans and business support to entrepreneurs, start-ups and established organisations that want to bring new and innovative products or services to the market. Although the pre-investment due diligence plus post-investment monitoring and assessment process are designed to minimise risks, there is an inherent risk that some projects will fail.

Negotiations are currently ongoing with unions regarding the 2015 pay award. As no decision has been reached, there is no certainty over the amount or the timing, therefore no provision has been made.

A number of other potential liabilities may exist, but details are not included in these accounts as they may prejudice the outcome of the actions in question.

These include potential claims in the following areas:

- Health and Safety
- Employment issues
- Contract Terms
- Medical Claims
- Public Liability Claims

9.37 Losses and Special Payments

	2015 £'000	2014 £'000
Losses		
Losses of cash		
Overpayment of Social Benefits	73	306
Bookkeeping Adjustments	(562)	–
Total losses of cash	**(489)**	**306**
Fruitless Payments		
Fruitless Payments	193	–
Total Fruitless Payments	**193**	**–**
Bad debts and claims abandoned		
Uncollectible Tax	2,147	1,616
Other Tax Receivables written off	929	193
Other claims abandoned	590	1,527
Total bad debts and claims abandoned	**3,666**	**3,336**
Damage or loss of inventory		
Write off of expired stock	82	168
Other inventory write offs	112	132
Total damage or loss of inventory	**194**	**300**
Impairment of fixed assets		
Impairment of fixed assets	–	11,597
Total impairment of fixed assets	**–**	**11,597**
Other losses		
Other losses	–	–
Total other losses	**–**	**–**
Total Losses	**3,565**	**15,539**
Special Payments		
Total compensation payments	123	223
Total ex gratia and extra contractual payments	370	622
Total Severance Payments	5,938	918
Total Regulatory Payments	25	25
Total Special Payments	**6,456**	**1,788**
Total Losses and Special Payments	**10,020**	**17,327**

9.38 Gifts

A gift is defined as something voluntarily donated, with no preconditions and without the expectation of any return. Transfers of assets between States entities, grants, social benefits, retirement gifts and long service awards are specifically not classified as gifts. As per the JFReM, only gifts over £10,000 in value are to be disclosed. No gifts were made in 2015 (2014: nil).

9.39 Related Party Transactions

Transactions between entities within the States of Jersey Group have been eliminated on consolidation and are not disclosed in this note.

Transactions with utility companies and government departments that are a result of their role as such are excluded in line with accounting standards. This includes:

- Electricity provided by Jersey Electricity
- Water provided by Jersey Water
- Postage services provided by Jersey Post
- Telephone charges from JT

Transactions relating to salaries and statutory amounts such as taxes are excluded.

All transactions are at arm's length and undertaken in the ordinary course of business unless otherwise stated.

Where the party is related through a Minister or Assistant Minister, only transactions occurring whilst they were in office are included.

2015

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
Directly Controlled Entities – Strategic Investments					
Jersey Electricity plc	1,304	1,501	180	8	
Jersey Post International Limited	430	56	38	10	
JT Group Limited	574	427	7	–	
The Jersey New Waterworks Company Limited	150	291	–	–	
Directly Controlled Entities – Minor Entities					
Government of Jersey London Office	–	628	–	–	M King, Chief Officer of Economic Development is a Director. Expenditure includes grants of £495k.
Jersey Legal Information Board	4	6	–	–	A Maclean, Treasury and Resources Minister, is a Board Member.
Directly Controlled Entities – Other					
Jersey College for Girls School Fund	–	17	–	–	
Jersey College for Girls PTA Trust Fund	3	–	–	–	
Le Rocquier School Fund	–	2	–	–	
Les Landes School Fund	–	1	–	–	
Les Quennevais School Fund	–	4	–	–	
Victoria College School Fund	–	40	–	–	Expenditure includes a grant of £34k.

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
Indirectly Controlled or Influenced Entities – through Strategic Investments					
Jersey Deep Freeze Limited	–	50	–	–	Subsidiary of JEC.
Jersey Energy	–	7	–	–	Subsidiary of JEC.
JE Building Services	–	177	–	–	Subsidiary of JEC.
Retirement Schemes					
PECRS	1,024	–	–	162	Income related to services provided by the Treasury Department.
JTSF	278	–	334	–	Income related to services provided by the Treasury Department.
Controlled or influenced by Key Management Personnel or members of their close family					
Alliance Française de Jersey	13	58	–	–	P Ozouf, Chief Minister's Assistant Minister is Vice Chair. Expenditure includes a grant of £10k.
Association Bureau des Iles Anglo-Normandes (formerly Bureau de Jersey)	3	88	–	–	A Maclean, Treasury and Resources Minister, is a Board member. Expenditure includes grants of £88k
Channel Islands Brussels Office	–	361	–	–	M King, Chief Officer of Economic Development is a Director. Expenditure is a grant of £361k.
Digital Jersey	–	838	–	–	M King, Chief Officer of Economic Development, is a non-executive Director. Expenditure includes grants of £838k.
Governing Body of Institute of Law	3	70	–	–	Sir P Bailhache, External Relations Minister, is the Chairman. Expenditure includes grants of £30k.
Jersey and Guernsey Law Review Limited	–	7	–	–	Sir P Bailhache, External Relations Minister, is the Chairman.
Jersey Employment Trust	–	1,843	–	–	R Bryans, Education Minister and P McLinton, Health and Social Services Assistant Minster are Member of the Board. Expenditure includes grants of £1,843k.
Jersey Finance Ltd	–	4,870	–	–	M King, Chief Officer of Economic Development is a Member of the Board. Expenditure is a grant of £4,870k.
Jersey Milk Marketing Board (Jersey Dairy)	3	67	2	3	M King, Chief Officer of Economic Development is a Member of the Board.
Jersey Scout Association	6	5	–	–	A Green, Health Minister, is a member of the executive.
Jersey Table Tennis Association	5	13	104	–	P Routier, Chief Minister's Assistant Minister, is Vice-President. Expenditure includes grants of £13k. Amounts due relate to a loan from the States. The loan was repaid in March 2016.

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
Les Amis Incorporated	17	552	–	4	E Noel, Transport and Technical Services Minister, and P Routier, Chief Minister's Assistant Minister, are Trustees.
Parish of St Lawrence	16	5	–	–	D Mezbourian, Home Affairs Assistant Minister, is Connétable of St Lawrence
Parish of St Brelade	28	33	–	–	S Pallett, Economic Development and Planning and Environment Assistant Minister, is Connétable of St Brelade
Parish of St Peter	43	32	8	–	J Refault, Housing and Health and Social Services Assistant Minister, is Connétable of St Peter.
Prince's Trust Jersey Steering Group	–	149	–	–	B Heath, Chief Probation Officer, is the Chairman. Expenditure includes a grant of £146k
The Yacht Hotel Limited	3	17	1	–	L Farnham, Economic Development Minister, is a Director.
Trinity Youth Club	–	3	–	–	A Pryke, Housing Minister, is President.
Victim Support Jersey	–	30	–	–	B Heath, Chief Probation Officer, is the Vice Chairman. Expenditure includes a grant of £30k
Visit Jersey	175	2,585	–	–	D Bannister, Chief Executive Officer, Ports of Jersey is a Member of the Board. Expenditure includes a grant of £2,585k

2014

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
Directly Controlled Entities – Strategic Investments					
Jersey Electricity plc	1,169	961	109	293	Expenditure includes grants of £13k.
Jersey Post International Limited	418	42	56	3	
JT Group Limited	639	350	27	262	
The Jersey New Waterworks Company Limited	152	207	110	7	
Directly Controlled Entities – Minor Entities					
Government of Jersey London Office	25	966	16	–	M King, Chief Officer of Economic Development is a Director. Expenditure includes grants of £495k.
Jersey Legal Information Board	–	100	–	–	A Maclean, Treasury and Resources Minister, is a Board Member. Expenditure includes grants of £100k.

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
Directly Controlled Entities – Other					
Jersey College for Girls School Fund	–	11	–	–	
Jersey College for Girls PTA Trust Fund	7	–	–	–	
Les Quennevais School Fund	–	12	–	10	
Victoria College School Fund	–	54	–	–	Expenditure includes grants of £40k.
Indirectly Controlled or Influenced Entities – through Strategic Investments					
Jersey Deep Freeze Limited	–	126	–	–	Subsidiary of JEC
Jersey Energy	–	15	–	–	Subsidiary of JEC
JE Building Services	–	34	–	–	Subsidiary of JEC
Retirement Schemes					
PECRS	765	–	2,217	–	Income related to services provided by the Treasury Department
JTSF	404	–	436	–	Income related to services provided by the Treasury Department
Controlled or influenced by Key Management Personnel or members of their close family					
Alliance Francaise de Jersey	7	60	–	–	P Ozouf, Chief Minister's Assistant Minister is Vice Chair. Expenditure includes a grant of £10k.
Association Bureau des Iles Anglo-Normandes (formerly Bureau de Jersey)	14	88	6	20	A Maclean Treasury and Resources Minister and P Ryan former Education, Sport and Culture Minister are Board Members. Expenditure includes grants of £88k.
Augres Enterprises	21	–	–	–	P Ozouf, Chief Minister's Assistant Minister, is a Beneficial Owner.
Augres Landscape	10	18	–	–	P Ryan, former Education, Sport and Culture Minister, is the Owner.
Channel Islands Brussels Office	–	299	–	–	M King, Chief Officer of Economic Development is a Director. Expenditure is a grant of £299k.
Digital Jersey	–	1,374	–	413	M King, Chief Officer of Economic Development, is a non-executive Director. Expenditure includes grants of £961k.
Governing Body of Institute of Law	8	105	–	–	Sir P Bailhache, External Relations Minister, is the Chairman. Expenditure includes grants of £30k.
Jersey Employment Trust	49	1,728	–	46	J Martin, former Health and Social Services Assistant Minister, P Ryan, former Education, Sport and Culture Minister and S Pinel, Social Security Minister are Members of the Board. Expenditure includes grants of £1,670k.

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
Jersey Finance Limited	–	4,967	–	–	M King, Chief Officer of Economic Development, is a non-executive Director. Expenditure includes grants of £4,962k.
Jersey Hospitality Association	–	6	–	–	L Farnham, Economic Development Minister, is the President.
Jersey Mencap	4	81	–	–	P Routier, Chief Minister's Assistant Minister is a Member. Expenditure includes a grant of £81k.
Jersey Milk Marketing Board (Jersey Dairy)	1	20	–	–	M King, Chief Officer of Economic Development, is a Member of the Board
Jersey Scout Association	4	41	–	–	P Routier, Chief Minister's Assistant Minister, is a member of the executive.
Jersey Table Tennis Association	5	23	102	–	P Routier, Chief Minister's Assistant Minister, is Vice-President. Expenditure includes grants of £23k. Amounts due relate to a loan from the States.
Les Amis Incorporated	18	180	–	–	E Noel, Transport and Technical Services, Minister and P Routier, Chief Minister's Assistant Minister, are Trustees.
Les Vaux Housing Trust	33	–	505	–	J Le Fondré, former Transport and Technical Services Assistant Minister, is the Honorary Secretary. This balance relates to loans from the States, and income to interest charged on these loans.
Parish of St Lawrence	18	8	–	–	D Mezbourian, Home Affairs Assistant Minister, is Connétable of St Lawrence
Parish of St Brelade	25	23	–	–	S Pallett, Economic Development and Planning and Environment Minister, is Connétable of St Brelade
Parish of St Peter	35	75	–	–	J Refault, Health and Social Services Assistant Minister, is the Connétable of St Peter.
Prince's Trust Jersey Steering Group	19	147	–	–	B Heath, Chief Probation Officer, is the Chairman. Expenditure includes a grant of £147k.
The Yacht Hotel Limited	6	16	–	–	L Farnham, Economic Development Minister, is the Director.
Trinity Youth Club	17	2	–	–	A Pryke, Housing Minister, is President.
Victim Support Jersey	–	30	–	–	B Heath, Chief Probation Officer, is the Vice Chairman. Expenditure includes a grant of £30k.

9.40 Third Party Assets

The States of Jersey, in the course of its normal activities, has reason to hold assets on behalf of third parties.

The Viscount of the Royal Court undertakes a number of activities that give rise to holding assets on behalf of third parties. The majority of these are held as part of the anti-money laundering regime. The main activities that give rise to this are:

- Désastres: assets relating to bankruptcy cases for onward payment to creditors;
- Curatorship: funds held on behalf of those who cannot manage their own affairs;
- Enforcement: judgements and compensation monies for onward payment to creditors and beneficiaries;
- Criminal injuries: funds held on behalf of minors until age of maturity;
- Bail: monies held on behalf of bailors;
- Saisies Judiciaires: assets seized pending investigation and court cases relating to drug trafficking and proceeds of crime. Following a conviction, property adjudged to represent the benefit or proceeds of crime is remitted to the Criminal Offences Confiscations Fund; if a third party is found not guilty, property is returned.

Monies held on behalf of third parties are set out below:

	2015 £'000	2014 £'000
Viscount's	247,562	38,647
Health and Social Services	296	296

In addition to the liquid assets listed above the Viscount's Department holds property and contents with an approximate total value of £10.5 million (2014: £3.6 million).

In addition to monies listed above the Health and Social Services Department holds equipment on trial and various consignment stocks, valued at £0.1 million (2014: £0.1 million).

The States arrangement to pool funds for investment purposes, is known as the 'Common Investment Fund' (CIF) Included within the CIF are monies held on behalf of entities outside of the States of Jersey group boundary, referred to as Out of Group Funds. Further details of the Common Investment Fund, including the value of investments falling into both these categories can be found in Note 9.35.

9.41 Entities within the Group Boundary

Consolidated Fund Entities

Ministerial Departments

The list below relates to Ministerial Departments as at 31 December 2015. From 1 January 2016 there have been transfers of functions as detailed in P.45/2015 and as such the names and remits of some departments have changed following this.

» Chief Minister's Department
» Economic Development Department
» Education, Sport and Culture Department
» Health and Social Services Department
» Home Affairs Department
» Department of the Environment
» Social Security Department
» Transport and Technical Services Department
» Treasury and Resources Department

Non-Ministerial Bodies

» Overseas Aid Commission
» Bailiff's Chambers
» Law Officers' Department
» Judicial Greffe
» Viscount's Department
» Official Analyst
» Office of the Lieutenant Governor
» Office of the Dean of Jersey
» Office of the Information Commissioner
» Probation
» Comptroller and Auditor General

The States Assembly and its Services

» [Including Assemblée Parlementaire de la Francophonie – Jersey Branch and Commonwealth Parliamentary Association (Jersey Branch)]

Subsidiary Holding Company

» States of Jersey Investments Limited

States Trading Operations

» Jersey Airport[1]
» Jersey Harbours[1]
» Jersey Car Parking
» Jersey Fleet Management

Special Funds named in the Public Finances (Jersey) Law 2005

» Strategic Reserve
» Stabilisation Fund
» Currency Fund (comprising Jersey Currency Notes and Jersey Coinage)
» Insurance Fund

Special Funds for specific purposes

» Dwelling Houses Loan Fund
» Assisted House Purchase Scheme
» 99 Year Leaseholders Fund
» Agricultural Loans Fund
» Tourism Development Fund
» Channel Islands Lottery (Jersey) Fund
» Jersey Innovation Fund
» Housing Development Fund
» Criminal Offences Confiscation Fund
» Civil Asset Recovery Fund
» Ecology Fund
» Fishfarmer Loan Scheme (Dormant)
» ICT Fund (Dormant)

Social Security Funds

» Social Security Fund
» Health Insurance Fund
» Social Security (Reserve) Fund
» Long-Term Care Fund
» Jersey Dental Scheme

Subsidiary Companies

» States of Jersey Development Company Limited (previously the Waterfront Enterprise Board Limited), including subsidiary companies.
» Andium Homes Limited
» Ports of Jersey Limited

Minor Entities

There are a number of small entities funded by the States that meet the requirements to be part of the States of Jersey Group (i.e. they are directly controlled by the States) but are immaterial to the financial statements as a whole, and have not been consolidated (see Accounting Policy 4.5). These entities are referred to as "Minor Entities" and are generally funded by a grant from a department, which will form part of the cash limit of the department making this grant.

An entity can be classified as a minor body if they meet certain criteria, namely that:

- Gross annual expenditure during the year; and
- Net book value of Property, Plant and Equipment at year end; and
- Level of Net Assets at year end

are all below a designated threshold.

The threshold is calculated as 1% of the lowest of:

- Gross annual expenditure during the year; and
- Net book value of Property, Plant and Equipment at year end; and
- Level of Net Current Assets at year end (excluding Non-Current Assets held for Sale, the current portion of Investments held at Fair Value through Profit or Loss and Currency in Circulation)

for the States of Jersey in the previous financial year.

For 2015, the threshold was therefore £2,827,000 (based on Net Current Assets for 2014).

In all cases the qualitative nature of the entities is also considered, to ensure that exclusion would not distort the true and fair view of the accounts.

Minor Entities are considered to be related parties, and transactions with them are included as part of Related Party Transactions Disclosures

For 2015, the following are considered to be Minor Entities:

- Government of Jersey London Office
- Jersey Legal Information Board

Notes

1. The incorporation of Jersey Airport and Jersey Harbours was effective from the 1 October 2015. The newly formed company has been accounted for as a Subsidiary Company in the Accounts.

9.42 Social Security Funds Notes

STATEMENTS OF COMPREHENSIVE NET EXPENDITURE

	2015				
	Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000
Revenue					
Social Security Contributions	(169,659)	(31,130)	–	(8,443)	–
States Contributions to Social Security Funds	(65,300)	–	–	(27,981)	–
Sales of goods and services	(130)	(244)	–	–	(98)
Investment income	(265)	(1,175)	(35,168)	(111)	–
Other revenue	–	(71)	–	–	(105)
Total Revenue	**(235,354)**	**(32,620)**	**(35,168)**	**(36,535)**	**(203)**
Expenditure					
Social Benefit Payments	211,741	28,717	–	35,993	–
Other Operating expenses	5,153	9,742	–	1,141	207
Grants and Subsidies payments	–	–	–	–	–
Depreciation and Amortisation	564	–	–	–	–
Impairments	540	97	–	–	–
Finance costs	36	–	–	–	1
Total Expenditure	**218,034**	**38,556**	**–**	**37,134**	**208**
Net Revenue Expenditure/(Income)	**(17,320)**	**5,936**	**(35,168)**	**599**	**5**
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	(884)	–	–	–	–
Total Other Comprehensive Income	**(884)**	**–**	**–**	**–**	**–**
Total Comprehensive Expenditure/(Income)	**(18,204)**	**5,936**	**(35,168)**	**599**	**5**

Restated 2014				
Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000
(162,125)	(29,628)	–	–	–
(63,700)	–	–	(18,155)	–
(150)	(138)	–	–	(105)
(189)	(5,776)	(95,476)	(77)	–
–	(55)	–	–	(114)
(226,164)	**(35,597)**	**(95,476)**	**(18,232)**	**(219)**
205,457	27,977	–	16,899	–
5,017	8,044	–	1,251	219
–	–	–	–	–
596	–	–	–	–
885	169	–	–	–
39	–	–	–	1
211,994	**36,190**	**–**	**18,150**	**220**
(14,170)	**593**	**(95,476)**	**(82)**	**1**
–	–	–	–	–
–	**–**	**–**	**–**	**–**
(14,170)	**593**	**(95,476)**	**(82)**	**1**

STATEMENTS OF FINANCIAL POSITION

	31 Dec 2015				
	Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000
Non-Current Assets					
Property, Plant and Equipment	6,757	–	–	–	–
Intangible Assets	625	–	–	–	–
Investments held at Fair Value through Profit or Loss	–	73,689	1,288,372	–	–
Trade and Other Receivables	–	–	–	658	–
Total Non-Current Assets	**7,382**	**73,689**	**1,288,372**	**658**	**–**
Current Assets					
Trade and Other Receivables	41,223	5,952	–	8,759	16
Amounts due from the Consolidated Fund	15,394	–	–	–	–
Cash and Cash Equivalents	24,863	–	11	22,939	81
Total Current Assets	**81,480**	**5,952**	**11**	**31,698**	**97**
Total Assets	**88,862**	**79,641**	**1,288,383**	**32,356**	**97**
Current Liabilities					
Trade and Other Payables	(390)	(2,396)	–	(1,414)	(92)
Amounts due to the Consolidated Fund	–	(1,565)	(45)	(19,757)	–
Total Current Liabilities	**(390)**	**(3,961)**	**(45)**	**(21,171)**	**(92)**
Assets Less Liabilities	**88,472**	**75,680**	**1,288,338**	**11,185**	**5**
Taxpayers' Equity					
Accumulated Revenue and Other Reserves	84,282	75,680	1,288,338	11,185	5
Revaluation Reserve	4,190	–	–	–	–
Total Taxpayers' Equity	**88,472**	**75,680**	**1,288,338**	**11,185**	**5**

Restated 31 Dec 2014					Restated 1 Jan 2014				
Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000	Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000
6,291	–	–	–	–	6,735	–	–	–	–
1,110	–	–	–	–	1,110	–	–	–	–
–	78,514	1,253,208	–	–	–	78,739	1,157,731	–	–
–	–	–	–	–	–	–	–	–	–
7,401	**78,514**	**1,253,208**	**–**	**–**	**7,845**	**78,739**	**1,157,731**	**–**	**–**
39,007	5,805	–	4,558	34	38,683	5,281	–	–	34
–	–	–	–	–	3,351	193	–	–	–
25,223	1	80	10,463	60	7,758	1	148	11,701	62
64,230	**5,806**	**80**	**15,021**	**94**	**49,792**	**5,475**	**148**	**11,701**	**96**
71,631	**84,320**	**1,253,288**	**15,021**	**94**	**57,637**	**84,214**	**1,157,879**	**11,701**	**96**
(1,268)	(1,975)	(111)	(1,785)	(84)	(1,539)	(1,989)	(62)	–	(85)
(95)	(728)	(8)	(1,453)	–	–	–	(123)	–	–
(1,363)	**(2,703)**	**(119)**	**(3,238)**	**(84)**	**(1,539)**	**(1,989)**	**(185)**	**–**	**(85)**
70,268	**81,617**	**1,253,169**	**11,783**	**10**	**56,098**	**82,225**	**1,157,694**	**11,701**	**11**
66,962	81,617	1,253,169	11,783	10	52,792	82,225	1,157,694	11,701	11
3,306	–	–	–	–	3,306	–	–	–	–
70,268	**81,617**	**1,253,169**	**11,783**	**10**	**56,098**	**82,225**	**1,157,694**	**11,701**	**11**

9.43 Events after the Reporting Date

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date when the Treasurer of the States and the Minister for Treasury and Resources sign the financial statements. There are no significant events after the reporting date requiring disclosure in these financial statements.

9.44 Publication and Distribution of the Financial Report and Accounts

In accordance with the Public Finances (Jersey) Law 2005, the Financial Report and Accounts for the year ended 31 December 2015 have been approved by the Minister for Treasury and Resources and were presented to the States for publication and distribution.

10 Statement of Outturn Against Approvals

10.1 Statement of Outturn against Approvals

STATEMENT OF REVENUE OUTTURN AGAINST APPROVALS

2014 Actual (Restated) £'000		2015 Budget / MTFP £'000	2015 Final Approved Budget £'000	2015 Actual £'000	Difference from Approval £'000
(657,033)	States Net General Revenue Income	(682,531)	(682,531)	(691,744)	9,213
674,163	Departmental Net Revenue Expenditure – Near Cash	687,148	721,972	697,031	24,941
–	Allocations for Contingencies	33,483	32,553	–	32,553
17,130	**Operating Deficit**	**38,100**	**71,994**	**5,287**	**66,707**
59,232	Departmental Depreciation/Amortisation	44,686	44,686	44,676	10
76,362	**Deficit of General Revenue Expenditure over Income**	**82,786**	**116,680**	**49,963**	**66,717**
19,357	Departmental Net Revenue Expenditure – Other Non Cash	–	–	38,755	(38,755)
(2,947)	Trading Operations Net Revenue Expenditure	(1,251)	(1,135)	18,824	(19,959)
(48,469)	Net Revenue Income of Special Funds			(16,709)	
(109,126)	Net Revenue Income of Social Security Funds			(45,949)	
307	Net Revenue Expenditure of SOJDC			754	
6,385	Net Revenue Expenditure of Andium Homes			15,348	
–	Net Revenue Expenditure of Ports of Jersey			4,948	
40,339	Other Expenditure/(Income)[1]			(24,785)	
735	Consolidation Adjustments[2]			708	
(17,057)	**Net Revenue (Income)/Expenditure as Reported in the SoCNE**	**81,535**	**115,545**	**41,857**	**8,003**

Notes

1 This includes other Consolidated fund items, including movements in Pension Liabilities, charges relating to Finance Leases and movements in hedging arrangements.

2 Accounting Standards require that all transactions and balances between entities within the States of Jersey group are eliminated in the consolidated accounts.

STATEMENT OF CAPITAL OUTTURN AGAINST APPROVALS

2014 Actual £'000		2015 Expenditure £'000	Total Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
51,735	Capital Expenditure from the Consolidated Fund	45,609	379,310	500,884	121,574
13,749	Capital Expenditure from Trading Funds	11,081	37,571	50,456	12,885
65,484	**Total Capital Expenditure Subject to States Approval**	**56,690**	**416,881**	**551,340**	**134,459**
–	Captial Expenditure from Special Funds	–			
152	Captial Expenditure from Social Security Funds	(152)			
(579)	Captial Expenditure by SOJDC	112			
12,652	Captial Expenditure by Andium Homes	28,660			
–	Captial Expenditure by Ports of Jersey	3,047			
158	Asset Donations and Other Adjustments	(167)			
77,867	**Total Asset Additions**	**88,190**			
	Asset Additions as per Notes 14 and 15				
76,898	Property, Plant and Equipment	87,666			
969	Intangible Assets	524			
77,867	**Total Asset Additions**	**88,190**			

STATEMENT OF UNALLOCATED CONSOLIDATED FUND BALANCE

Restated 2014 Actual £'000		2015 Actual £'000
182,140	Available Non-Current Financial Assets	105,678
3,963	Net Current Assets	74,703
–	Less: NCA Held for Sale	–
(5,541)	Less: Non-Current Provisions	(5,275)
2,735	Add Back: Provision for Financial Guarantee	2,329
2,080	Add Back: Provision for Decommissioning	2,080
1,030	Add Back: Current Finance Lease Liabilities	1,185
5,345	Add back: Current Pension Liabilities	7,206
3,245	Add back: Accruals for untaken leave	3,569
–	Add back: Currency Fund Infrastructure Investment	25,494
194,997	**Consolidated Fund Balance**	**216,969**
(97,267)	Unspent Capital	(121,574)
(2,387)	Voted amounts to be allocated	(1,593)
(13,011)	Departmental Carry forwards	(19,073)
(9,966)	Carry forward of Contingency	(10,075)
72,366	**Unallocated Consolidated Fund Balance**	**64,654**

10.2 Accounting Policies

The Statement of Outturn against Approvals (SoOaA) and supporting notes have been prepared in accordance with the Jersey Financial Reporting Manual (JFReM) 2014 issued by the Treasurer of the States.

SOPS 1.1 Accounting convention

The Statement of Outturn against Approvals and related notes are presented consistently with approvals made under the Public Finances (Jersey) Law 2005 in the Medium Term Financial Plan and Annual Budget Statement.

The budgeting system, and the consequential presentation of the SoOaA and related notes, has different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are guided by the Jersey Fiscal Policy Panel.

The Panel's work is guided by five key principles. These are:

1. Economic stability is at the heart of sustainable prosperity;

2. Fiscal policy needs to be focussed on the medium-term;

3. Policy should aim to be predictable, with flexibility to adapt to economic conditions to assist in creating a more stable economic environment;

4. Supply in the economy is as important as demand; and

5. Low inflation is fundamental to the competitive of the economy.

In making its recommendations, the Panel is guided by its understanding of the preferences of Islanders. The Panel feels that Islanders want the States to be prudent and create the conditions for economic growth while respecting the Island's cultural heritage, maintaining the competitiveness of the economy and keeping inflation low.

SOPS 1.2 Comparison with IFRS-based accounts

Most transactions are treated in the same way in Approvals and IFRS-based accounts, but there are a number of differences as detailed below. A reconciliation of the States' outturn as recorded in the SoOaA compared to the IFRS-based Statement of Comprehensive Net Expenditure is provided in the SoOaA.

SOPS 1.2a Accounting Boundary and Budgeting Boundary

Approvals by the States include:

a) amounts of income from taxation intended to be raised approved by the States in the Budget Statement;

b) appropriations to revenue heads or capital heads of expenditure approved by the States in the Medium Term Financial Plan or Budget Statement, after any amendments approved in accordance with the Public Finances (Jersey) Law 2005. Under the Public Finances (Jersey) Law 2005, the approval by the States of a revenue or capital head of expenditure authorises the body to withdraw amounts not exceeding that approval from the consolidated fund; and

c) estimates of States Trading Operations approved by the States in the Medium Term Financial Plan or Budget Statement.

Income and Expenditure from Special Funds, the Social Security Funds and Subsidiary Companies are not included.

Other Accounting items in the Consolidated such as movements in Pension Liabilities and Finance Leases are also outside of the budgeting boundary.

SOPS 1.2b Near Cash and Non-Cash Amounts

In the Medium Term Financial Plan, revenue expenditure is approved on a Near Cash basis, excluding Non-Cash amounts such as:

- depreciation of Property, Plant and Equipment (PPE)
- amortisation of Intangible assets

- impairments of PPE or Intangible assets
- donations of assets
- gains on disposals of assets.

Estimates of these non-cash amounts are included for information, but Accounting Officers are not held accountable for Outturn against these amounts.

Departments may apply to use Proceeds on Disposals of Fixed Assets for Capital or Revenue purposes, which would then form part of a capital or revenue approval.

SOPS 1.2c Capital Approvals

Under Accounting Standards the cost of Property, Plant and Equipment is recognised over their useful lives through the charge of depreciation to the SoCNE.

Under the Budgeting system, approval must be obtained for the expenditure on a capital project before this expenditure can be incurred. The full cost of the project is therefore considered allocated within the consolidated fund on approval.

Expenditure on Capital may be incurred over a number of years.

Capital Expenditure by SOJDC, Andium Homes, Special Funds and the Social Security Funds is not subject to approval.

SOPS 1.3 Basis of Consolidated Fund Balance

The Consolidated Fund balance is calculated in a way to represent funds available to be spent in future years, and includes:

- Financial Assets (Advances and Investments held at Fair Value through Profit or Loss);
- Net Current Assets or Liabilities (adjusted for elements of Pension, Finance Lease, and other obligations, which will be included in future expenditure approvals);
- Provisions for liabilities and charges.

The Consolidated Fund excludes:

- Assets which cannot be easily converted into cash (Property, Plant and Equipment, Intangible Assets and Strategic Investments);
- Other Long Term Liabilities – which will be settled from future expenditure approvals.

The balance calculated does not take into account withdrawals from the Consolidated Fund that have already been approved (and so are not available to spend). The balance must be adjusted for these to give the balance available, at the end of the year.

- Capital projects are approved on an allocation basis and so any unspent amounts are removed from the available balance.
- Similarly, amounts approved for specific purposes but that have not yet been allocated to departments, and property receipts that will be used to purchase assets under Article 18(5) of the Law are also removed.
- In 2011 an additional provision for the decommissioning of the new EFW plant at the end of its life was been created in line with accounting standards. Approval for this expenditure will not be sought until closer to the end of the EfW plant’s useful life, and so the amount of this provision is added back to the available consolidated fund balance.
- Finally, an adjustment must be made for amounts that will be included in a future revenue head of expenditure through the carry forward process.

With the move to three/four year planning under the MTFP, elements of this balance may be allocated by the States to fund expenditure in future years. 2016–2019 expenditure limits have already been approved by the States in the MTFP 2016–2019.

10.3 Revenue Expenditure

A) NET GENERAL REVENUE INCOME AGAINST ESTIMATE

Restated 2014 Actual £'000		2015 Budget £'000	2015 Income £'000	2015 Expenditure £'000	2015 Actual £'000	Difference from Budget £'000
	Income Tax					
(362,247)	Individuals	(373,000)	(370,810)	4	(370,806)	(2,194)
(83,429)	Companies	(85,000)	(89,456)	19	(89,437)	4,437
944	Provision for Bad Debts	3,000	–	2,660	2,660	340
(444,732)	**Net Income Tax**	**(455,000)**	**(460,266)**	**2,683**	**(457,583)**	**2,583**
(80,226)	**Goods and Services Tax (GST)**	**(80,650)**	**(83,985)**	**(1,057)**	**(85,042)**	**4,392**
	Impôts Duties					
(4,801)	Spirits	(4,858)	(4,529)	–	(4,529)	(329)
(7,615)	Wines	(7,677)	(7,638)	–	(7,638)	(39)
(988)	Cider	(1,113)	(1,003)	–	(1,003)	(110)
(5,285)	Beer	(5,194)	(5,078)	–	(5,078)	(116)
(13,788)	Tobacco	(15,316)	(13,606)	–	(13,606)	(1,710)
(20,704)	Motor Fuel	(20,395)	(21,406)	–	(21,406)	1,011
(161)	Goods Imported	(200)	(144)	–	(144)	(56)
(760)	Vehicle Emissions Duty	(896)	(743)	–	(743)	(153)
(54,102)	**Impôts Duties**	**(55,649)**	**(54,147)**	**–**	**(54,147)**	**(1,502)**
	Stamp Duty					
(21,988)	Stamp Duty	(20,134)	(25,821)	–	(25,821)	5,687
(2,735)	Probate	(2,200)	(1,883)	–	(1,883)	(317)
(1,254)	Land Transactions Tax	(1,504)	(1,328)	–	(1,328)	(176)
(25,977)	**Stamp Duty**	**(23,838)**	**(29,032)**	**–**	**(29,032)**	**5,194**
	Fines and Other Income					
(9,683)	Net Investment Income	(9,107)	(5,769)	1,409	(4,360)	(4,747)
(8,283)	Dividends and Returns	(8,503)	(14,023)		(14,023)	5,520
(3,802)	Jersey Financial Services Commission Fees	(3,700)	(3,852)		(3,852)	152
(1,691)	Returns from States Trading Operations	(1,671)	(1,706)		(1,706)	35
(13,581)	Return from Andium Homes	(29,472)	(27,483)		(27,483)	(1,989)
(1,648)	EUSD Retention Tax	(1,200)	(662)	2	(660)	(540)
(896)	Income Tax Penalties	(1,071)	(1,491)	221	(1,270)	199
(516)	Miscellaneous Income	(451)	(658)		(658)	207
(40,100)	**Fines and Other Income**	**(55,175)**	**(55,644)**	**1,632**	**(54,012)**	**(1,163)**
(11,896)	**Island Rate**	**(12,219)**	**(11,928)**	**–**	**(11,928)**	**(291)**
(657,033)	**Net General Revenue Income**	**(682,531)**	**(695,002)**	**3,258**	**(691,744)**	**9,213**

B) MINISTERIAL AND NON-MINISTERIAL DEPARTMENTS NET REVENUE EXPENDITURE (NEAR CASH) AGAINST APPROVAL

2014 Actual £'000		MTFP 2015 £'000	Final Approved Budget £'000	2015 Income £'000	2015 Expenditure £'000	2015 Actual £'000	Difference from Final Approved Budget £'000
	Ministerial Departments						
31,163	Chief Minister	21,539	33,097	(1,508)	32,819	31,311	1,786
9,798	– Grant to the Overseas Aid Commission	10,284	10,431	–	10,425	10,425	6
23,933	Economic Development	18,430	18,642	(1,793)	20,054	18,261	381
113,526	Education, Sport and Culture	108,591	113,603	(20,408)	132,299	111,891	1,712
6,054	Department of the Environment	5,743	6,273	(4,407)	10,327	5,920	353
196,670	Health and Social Services	200,255	203,351	(31,023)	233,756	202,733	618
34,443	Home Affairs	48,557	49,909	(2,909)	52,307	49,398	511
(12,571)	Housing	675	–	–	–	–	–
179,378	Social Security	190,463	189,595	(5,185)	181,791	176,606	12,989
26,537	Transport and Technical Services	26,651	28,650	(18,548)	44,037	25,489	3,161
33,536	Treasury and Resources	28,723	31,583	(9,424)	39,650	30,226	1,357
	Non Ministerial States Funded Bodies and the States Assembly						
1,791	Bailiff's Chambers	1,627	2,165	(87)	2,202	2,115	50
8,444	Law Officers' Department	7,784	9,274	(605)	9,324	8,719	555
6,518	Judicial Greffe	6,786	6,970	(1,011)	7,584	6,573	397
493	Viscount's Department	1,387	1,109	(1,151)	2,091	940	169
324	Official Analyst	626	626	(62)	632	570	56
805	Office of the Lieutenant Governor	714	903	(101)	862	761	142
28	Office of the Dean of Jersey	26	26	–	26	26	–
201	Data Protection Commission	227	284	(260)	503	243	41
1,904	Probation Department	2,161	1,999	(168)	2,111	1,943	56
747	Comptroller and Auditor General	761	1,002	(58)	815	757	245
10,441	States Assembly and its services	5,138	12,480	(79)	12,203	12,124	356
674,163	**Net Revenue Expenditure – Near Cash**	**687,148**	**721,972**	**(98,787)**	**795,818**	**697,031**	**24,941**

C) MINISTERIAL AND NON-MINISTERIAL DEPARTMENTS NET REVENUE EXPENDITURE (NON CASH) AGAINST APPROVAL

2014 Actual £'000		MTFP 2015 £'000	Final Approved Budget £'000	2015 Income £'000	2015 Expenditure £'000	2015 Actual £'000	Difference from Final Approved Budget £'000
	Ministerial Departments						
623	Chief Minister	455	1,290	–	1,001	1,001	289
–	– Grant to the Overseas Aid Commission	–	–			–	–
1	Economic Development	3	3	–	1	1	2
142	Education, Sport and Culture	293	293	(117)	244	127	166
106	Department of the Environment	384	384	–	116	116	268
2,605	Health and Social Services	3,307	3,307	(36)	2,744	2,708	599
675	Home Affairs	710	710	–	669	669	41
16,969	Housing	–	–	–	–	–	–
–	Social Security	–	–	–	187	187	(187)
37,141	Transport and Technical Services	19,016	19,016	–	18,696	18,696	320
20,225	Treasury and Resources	20,305	19,470	–	59,802	59,802	(40,332)
	Non Ministerial States Funded Bodies and the States Assembly						
–	Bailiff's Chambers	–	–	–	–	–	–
–	Law Officers' Department	9	9	–	44	44	(35)
19	Judicial Greffe	19	19	–	–	–	19
41	Viscount's Department	67	67	–	41	41	26
36	Official Analyst	88	88	–	34	34	54
4	Office of the Lieutenant Governor	4	4	–	3	3	1
–	Office of the Dean of Jersey	–	–	–	–	–	–
–	Data Protection Commission	5	5	–	–	–	5
2	Probation Department	21	21	–	2	2	19
–	Comptroller and Auditor General	–	–	–	–	–	–
–	States Assembly and its services	–	–	–	–	–	–
78,589	**Net Revenue Expenditure – Non Cash**	**44,686**	**44,686**	**(153)**	**83,584**	**83,431**	**(38,745)**

D) TRADING OPERATIONS NET REVENUE EXPENDITURE AGAINST APPROVAL

2014 Actual £'000		MTFP 2015 £'000	Final Approved Budget £'000	2015 Income £'000	2015 Expenditure £'000	2015 Actual £'000	Difference from Final Approved Budget £'000
(1,991)	Jersey Airport	(2,137)	(640)	(21,352)	36,018	14,666	(15,306)
(293)	Jersey Harbours	2,223	212	(12,225)	17,499	5,274	(5,062)
(525)	Jersey Car Parking	(429)	(429)	(6,722)	6,020	(702)	273
(138)	Jersey Fleet Management	(278)	(278)	(4,551)	4,137	(414)	136
(2,947)	**Net Revenue (Income)/ Expenditure – Trading Operations**	**(621)**	**(1,135)**	**(44,850)**	**63,674**	**18,824**	**(19,959)**

10.4 Capital Expenditure

A) CAPITAL EXPENDITURE FROM THE CONSOLIDATED FUND

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
Chief Minister's Department				
Upgrade Microsoft Desktop Tech	406	1,411	1,415	4
Web Development	(143)	826	837	11
Enterprise Systems Development	14	36	1,283	1,247
E Government	(858)	569	2,712	2,143
Application Compatibility to Windows 8	58	224	500	276
Computer Development Vote	(576)	736	858	122
HR Transform (Change Team Transformation)	–	–	77	77
T&R JDE System	4	399	772	373
Chief Minister's Department Total	**(1,095)**	**4,201**	**8,454**	**4,253**
Education, Sport and Culture				
Le Rocquier	89	22,676	22,700	24
ESC ICT Strategy Phase 3	117	513	539	26
Sports Strategy Infrastructure	1,828	2,849	2,850	1
Victoria College	26	74	400	326
ESC Minor Capital/AUCC	144	504	1,078	574
School ICT	–	–	556	556
Education, Sport and Culture Total	**2,204**	**26,616**	**28,123**	**1,507**
Department of the Environment				
Central Environmental Management	–	934	1,038	104
Automatic Weather Station	–	213	265	52
Urban Renewal 2006	–	314	327	13
Fisheries Vessel Mid Year Refit	5	419	426	7
Equipment, Maintenance, Minor	29	554	629	75
Met Radar Refurbishment	256	335	350	15
Countryside Infrastructure	54	123	192	69
Department of the Environment Total	**344**	**2,892**	**3,227**	**335**
Health and Social Services				
Tube System Upgrade – Planning	–	97	97	–
Laundry Batch Washer – Planning	457	499	500	1
PSA Oxygenators	82	377	380	3
Equipment, Maintenance and Minor Capital	3,371	13,046	14,792	1,746
Replacement MRI Scanner	2	2	2,277	2,275
Replacement RIS/PACS IT Assets	62	62	1,167	1,105
Health and Social Services Total	**3,974**	**14,083**	**19,213**	**5,130**
Home Affairs				
Biometric Passports	374	851	1,183	332
Fire Service Building Repairs	(89)	–	–	–

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
Prison 2009 Minor Capital	–	33	51	18
Prison Control Room	86	1,747	1,839	92
Prison Security Measures	–	877	943	66
Prison Cell Call System	–	101	200	99
Tetra Radio Replacement	(2)	2,029	2,349	320
Minor Capital	461	2,870	4,950	2,080
Home Affairs Total	**830**	**8,508**	**11,515**	**3,007**
Transport and Technical Services				
South La Collette Reclamation	–	26,582	26,600	18
In-Vessel Composting	–	2,055	2,055	–
EFW Plant La Collette	(406)	118,018	119,189	1,171
Fire Fighting System	(3)	4,303	4,371	68
Eastern Cycle Network	30	282	582	300
Town Park	32	12,140	12,140	–
Sludge Thickener Project	1,697	13,546	14,344	798
Phillips Street Shaft	1,205	6,286	6,286	–
Liquid Waste Strategy	2,304	4,324	37,152	32,828
Waste: Ash Pit La Collette	209	2,851	3,699	848
Replacement Assets	203	892	2,268	1,376
Contingency Infrastructure Maintenance	–	137	145	8
Asbestos Waste Disposal	448	495	648	153
Fiscal Stimulus Parish Project	582	1,169	1,169	–
Clinical Waste Refurbishment	–	332	442	110
New Public Recycling Centre	2,517	2,879	6,638	3,759
Bottom Ash Recycling	–	–	–	–
Scrap Yard Infrastructure	17	132	1,025	893
EFW Replacement Assets	890	1,676	1,817	141
Road Safety Improvements	287	287	743	456
Infrastructure	7,855	45,014	48,691	3,677
Transport and Technical Services Total	**17,867**	**243,400**	**290,004**	**46,604**
Treasury and Resources				
On behalf of Education, Sport and Culture				
St Martin's School	1,926	6,978	7,732	754
Youth Service Works – Various	(1,021)	915	915	–
Grainville (Phase 4)	–	4,521	4,521	–
Additional Primary School Accommodation	4,736	6,131	10,322	4,191
Les Quennevais Replacement School	118	317	320	3
Crabbe Silver Jubilee Works	–	924	926	2
Victoria College Capital Project	9	1,172	1,237	65
Archive Storage Extension	12	12	60	48
FB Fields Running Track	29	795	810	15
Les Quen Artificial Pitch	(1)	648	650	2
On behalf of Health and Social Services				
A&E/Radiology Extension (Phase 2)	5	1,966	1,966	–
Oncology Extension and Refurbish	(262)	2,606	3,332	726
Intensive Care Unit Upgrade	(95)	2,206	2,300	94
Main Theatre Upgrade	2,603	3,019	6,483	3,464
Clinique Pinel Upgrade	(69)	2,770	2,868	98

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
Limes Upgrade	(38)	–	1,159	1,159
Future Hospital	3,117	4,432	32,616	28,184
Replacement General Hospital – Feasibility	(1)	–	–	–
Mental Health Facility Overdale – Feasibility	–	–	350	350
Relocation Ambulance and Fire – Feasibility	–	5	100	95
Adult Care Homes	113	177	4,000	3,823
Children's Homes	3	1,000	2,075	1,075
Autism Support	486	824	976	152
Replacement General Hospital – Planning	–	–	–	–
Integrated Assessment and Intermediate Care	378	400	400	–
On behalf of Home Affairs				
Prison Improvement Phase 4	41	9,810	9,881	71
Police Relocation (Phase 1)	7,943	11,384	24,939	13,555
Other projects				
Relocation of Sea Cadets	–	–	107	107
Public Markets Maintenance	762	2,719	3,476	757
Integrated Property System	29	256	305	49
Tax Transformation Prog and IT Systems	119	861	1,245	384
Office Rationalisation	39	1,643	1,719	76
Demolition Fort Regent Pool	10	10	750	740
ITAX Development – Taxes Office	104	1,312	1,332	20
Treasury and Resources Total	**21,095**	**69,813**	**129,872**	**60,059**
Non Ministerial States Funded				
Magistrates Court	–	9,171	9,171	–
Non Mins – Minor Capital	390	626	1,305	679
Non Ministerial States Funded Total	**390**	**9,797**	**10,476**	**679**
Total	**45,609**	**379,310**	**500,884**	**121,574**

B) CAPITAL EXPENDITURE FROM TRADING FUNDS

	2015 Expenditure £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
Jersey Airport				
Engineering/ARFFS Building	5,296	6,793	6,793	–
Arrivals/Pier/Forecourt	(37)	538	538	–
CUTE	35	649	649	–
Regulatory Compliance 2010	645	1,691	1,691	–
Fuel Farm	27	963	963	–
Regulatory Compliance	122	422	422	–
Minor Capital Assets	506	1,685	1,685	–
Public Address/Fire Alarm	(58)	–	–	–
Airfield Stop Bars	44	324	324	–
CCTV Airport Wide	7	70	70	–
ATC Equipment	26	3,332	3,332	–
Fire Pump Replacement	101	105	105	–
Jersey Airport Total	**6,714**	**16,572**	**16,572**	**–**
Jersey Harbours				
St Helier Marina	1,336	2,835	2,835	–
Gorey Pierhead	332	1,532	1,532	–
MCA	253	1,736	1,736	–
Port Crane	96	919	919	–
Marine Ops Refurbishment	225	368	368	–
Sub Station Upgrades NNQ	16	454	454	–
St Helier Marina Gate Replacement	33	33	33	–
Elizabeth Pontoon Fingers	222	222	222	–
CCTV Upgrade	115	194	194	–
CCTV (Phase II)	14	17	17	–
Elizabeth Harbour Café	99	99	99	–
Jersey Harbours Total	**2,741**	**8,409**	**8,409**	**–**
Jersey Car Parking				
Anne Court Car Park	1	340	9,000	8,660
Automated Charging System	30	195	1,000	805
Car Park Maintenance and Refurbishment	80	2,588	3,800	1,212
Jersey Car Parking Total	**111**	**3,123**	**13,800**	**10,677**
Jersey Fleet Management				
Vehicle and Plant Replacement	1,515	9,467	11,675	2,208
Jersey Fleet Management Total	**1,515**	**9,467**	**11,675**	**2,208**
Total	**11,081**	**37,571**	**50,456**	**12,885**

10.5 Reconciliations

A) RECONCILIATION OF FINAL APPROVED BUDGET TO THE MEDIUM TERM FINANCIAL PLAN

Department	MTFP 2015 Total NRE Near Cash £'000	Carry Forward from 2014 £'000	Allocation of Contingency £'000	Allocation of Additional Funding £'000	Transfers between capital and revenue £'000	Departmental Transfers £'000	2015 Final Approved Budget Near Cash £'000	MTFP 2015 Total NRE Non Cash £'000	In Year Adjustments £'000	2015 Final Approved Budget Non Cash £'000	2015 Final Approved Budget £'000
Ministerial Departments											
Chief Minister	21,539	830	8,964	(94)	871	987	**33,097**	455	835	**1,290**	**34,387**
Grant to the Overseas Aid Commission	10,284	147	–	–	–	–	**10,431**	–	–	**–**	**10,431**
Economic Development	18,430	332	178	(117)	–	(181)	**18,642**	3	–	**3**	**18,645**
Education, Sport and Culture	108,591	2,882	1,814	(665)	869	112	**113,603**	293	–	**293**	**113,896**
Department of the Environment	5,743	252	314	(36)	–	–	**6,273**	384	–	**384**	**6,657**
Health and Social Services	200,255	2,611	2,057	(1,272)	–	(300)	**203,351**	3,307	–	**3,307**	**206,658**
Home Affairs	48,557	686	981	(300)	(169)	154	**49,909**	710	–	**710**	**50,619**
Housing	675	–	–	(675)	–	–	**–**	–	–	**–**	**–**
Social Security	190,463	588	291	(2,121)	–	374	**189,595**	–	–	**–**	**189,595**
Transport and Technical Services	26,651	1,415	2,414	(169)	(1,661)	–	**28,650**	19,016	–	**19,016**	**47,666**
Treasury and Resources	28,723	1,984	(356)	8	2,450	(1,226)	**31,583**	20,305	(835)	**19,470**	**51,053**
Non Ministerial States Funded Bodies											
Bailiff's Chamber	1,627	96	172	–	–	270	**2,165**		–	**–**	**2,165**
Law Officers' Department	7,784	588	590	–	–	312	**9,274**	9	–	**9**	**9,283**
Judicial Greffe	6,786	60	107	–	–	17	**6,970**	19	–	**19**	**6,989**
Viscount's Department	1,387	90	–	–	–	(368)	**1,109**	67	–	**67**	**1,176**
Official Analyst	626	–	–	–	–	–	**626**	88	–	**88**	**714**
Office of the Lieutenant Governor	714	110	42	–	–	37	**903**	4	–	**4**	**907**
Office of the Dean of Jersey	26	–	–	–	–	–	**26**	–	–	**–**	**26**
Data Protection Commission	227	57	–	–	–	–	**284**	5	–	**5**	**289**
Probation Department	2,161	40	–	–	–	(202)	**1,999**	21	–	**21**	**2,020**
Comptroller and Auditor General	761	241	–	–	–	–	**1,002**	–	–	**–**	**1,002**
States Assembly and its services	**5,138**	**–**	**7,342**	**–**	**–**	**–**	**12,480**	**–**	**–**	**–**	**12,480**
Allocations for Contingencies	**33,483**	**9,966**	**(24,910)**	**14,000**	**–**	**14**	**32,553**	**–**	**–**	**–**	**32,553**
Net Revenue Expenditure	**720,631**	**22,975**	**–**	**8,559**	**2,360**	**–**	**754,525**	**44,686**	**–**	**44,686**	**799,211**

B) RECONCILIATION OF CAPITAL APPROVALS

	Previous Approvals £'000	2015 Allocation £'000	Revenue to Capital transfers £'000	Other Transfers £'000	Disposal Receipts Applied £'000	Total Capital Budget £'000	Previously incurred Expenditure £'000	Total Available Capital Budget £'000	2015 Capital Expenditure £'000	Returns to the Consolidated Fund £'000	Unspent Capital Approvals as at 31 Dec 15 £'000
Chief Minister's Department											
Upgrade Microsoft Desktop Tech	1,415	–	–	–	–	**1,415**	1,005	**410**	406	–	**4**
Web Development	1,025	–	(188)	–	–	**837**	969	**(132)**	(143)	–	**11**
Enterprise Systems Development	420	1,000	(137)	–	–	**1,283**	22	**1,261**	14	–	**1,247**
E Government	1,777	320	615	–	–	**2,712**	1,427	**1,285**	(858)	–	**2,143**
Application Compatibility to Windows 8	500	–	–	–	–	**500**	166	**334**	58	–	**276**
Computer Development Vote	2,200	–	(1,342)	–	–	**858**	1,312	**(454)**	(576)	–	**122**
HR Transform (Change Team Transformation)	77	–	–	–	–	**77**	–	**77**	–	–	**77**
T&R JDE System	772	–	–	–	–	**772**	395	**377**	4	–	**373**
Chief Minister's Department Total	**8,186**	**1,320**	**(1,052)**	**–**	**–**	**8,454**	**5,296**	**3,158**	**(1,095)**	**–**	**4,253**
Education, Sport and Culture											
Le Rocquier	22,700	–	–	–	–	**22,700**	22,587	**113**	89	–	**24**
ESC ICT Strategy Phase 3	539	–	–	–	–	**539**	396	**143**	117	–	**26**
Sports Strategy Infrastructure	1,500	1,450	(100)	–	–	**2,850**	1,021	**1,829**	1,828	–	**1**
Victoria College	400	–	–	–	–	**400**	48	**352**	26	–	**326**
ESC Minor Capital/AUCC	625	–	453	–	–	**1,078**	360	**718**	144	–	**574**
School ICT	778	1,000	(1,222)	–	–	**556**	–	**556**	–	–	**556**
Education, Sport and Culture Total	**26,542**	**2,450**	**(869)**	**–**	**–**	**28,123**	**24,412**	**3,711**	**2,204**	**–**	**1,507**
Department of the Environment											
Central Environmental Management	1,038	–	–	–	–	**1,038**	934	**104**	–	–	**104**
Automatic Weather Station	265	–	–	–	–	**265**	213	**52**	–	–	**52**
Urban Renewal 2006	327	–	–	–	–	**327**	314	**13**	–	–	**13**
Fisheries Vessel Mid Year Refit	426	–	–	–	–	**426**	414	**12**	5	–	**7**
Equipment, Maintenance, Minor	629	–	–	–	–	**629**	525	**104**	29	–	**75**
Met Radar Refurbishment	350	–	–	–	–	**350**	79	**271**	256	–	**15**
Countryside Infrastructure	192	–	–	–	–	**192**	69	**123**	54	–	**69**
Department of the Environment Total	**3,227**	**–**	**–**	**–**	**–**	**3,227**	**2,548**	**679**	**344**	**–**	**335**

B) RECONCILIATION OF CAPITAL APPROVALS (CONTINUED)

	Previous Approvals £'000	2015 Allocation £'000	Revenue to Capital transfers £'000	Other Transfers £'000	Disposal Receipts Applied £'000	Total Capital Budget £'000	Previously incurred Expenditure £'000	Total Available Capital Budget £'000	2015 Capital Expenditure £'000	Returns to the Consolidated Fund £'000	Unspent Capital Approvals as at 31 Dec 15 £'000
Health and Social Services											
Tube System Upgrade – Planning	104	–	–	–	–	**104**	97	**7**	–	7	**–**
Laundry Batch Washer – Planning	500	–	–	–	–	**500**	42	**458**	457	–	**1**
PSA Oxygenators	380	–	–	–	–	**380**	295	**85**	82	–	**3**
Equipment, Maintenance and Minor Capital	12,197	2,595	–	–	–	**14,792**	9,675	**5,117**	3,371	–	**1,746**
Replacement MRI Scanner	–	2,277	–	–	–	**2,277**	–	**2,277**	2	–	**2,275**
Replacement RIS/PACS IT Assets	–	1,567	–	–	–	**1,567**	–	**1,567**	62	400	**1,105**
Health and Social Services Total	**13,181**	**6,439**	**–**	**–**	**–**	**19,620**	**10,109**	**9,511**	**3,974**	**407**	**5,130**
Home Affairs											
Biometric Passports	1,183	–	–	–	–	**1,183**	477	**706**	374	–	**332**
Fire Service Building Repairs	90	–	(90)	–	–	**–**	89	**(89)**	(89)	–	**–**
Prison 2009 Minor Capital	51	–	–	–	–	**51**	33	**18**	–	–	**18**
Prison Control Room	1,839	–	–	–	–	**1,839**	1,661	**178**	86	–	**92**
Prison Security Measures	943	–	–	–	–	**943**	877	**66**	–	–	**66**
Prison Cell Call System	200	–	–	–	–	**200**	101	**99**	–	–	**99**
Tetra Radio Replacement	2,483	–	(34)	–	–	**2,449**	2,031	**418**	(2)	100	**320**
Minor Capital	4,830	–	294	–	–	**5,124**	2,409	**2,715**	461	174	**2,080**
Home Affairs Total	**11,619**	**–**	**170**	**–**	**–**	**11,789**	**7,678**	**4,111**	**830**	**274**	**3,007**

B) RECONCILIATION OF CAPITAL APPROVALS (CONTINUED)

	Previous Approvals £'000	2015 Allocation £'000	Revenue to Capital transfers £'000	Other Transfers £'000	Disposal Receipts Applied £'000	Total Capital Budget £'000	Previously incurred Expenditure £'000	Total Available Capital Budget £'000	2015 Capital Expenditure £'000	Returns to the Consolidated Fund £'000	Unspent Capital Approvals as at 31 Dec 15 £'000
Transport and Technical Services											
South La Collette Reclamation	26,600	–	–	–	–	**26,600**	26,582	**18**	–	–	**18**
In–Vessel Composting	2,062	–	–	–	–	**2,062**	2,055	**7**	–	7	**–**
EFW Plant La Collette	119,189	–	–	–	–	**119,189**	118,424	**765**	(406)	–	**1,171**
Fire Fighting System	4,371	–	–	–	–	**4,371**	4,306	**65**	(3)	–	**68**
Eastern Cycle Network	582	–	–	–	–	**582**	252	**330**	30	–	**300**
Town Park	12,118	–	32	–	–	**12,150**	12,108	**42**	32	10	**–**
Sludge Thickener Project	14,285	–	59	–	–	**14,344**	11,849	**2,495**	1,697	–	**798**
Phillips Street Shaft	5,600	–	–	686	–	**6,286**	5,081	**1,205**	1,205	–	**–**
Liquid Waste Strategy	10,100	25,494	–	1,558	–	**37,152**	2,020	**35,132**	2,304	–	**32,828**
Waste: Ash Pit La Collette	3,699	–	–	–	–	**3,699**	2,642	**1,057**	209	–	**848**
Replacement Assets	1,747	232	289	–	–	**2,268**	689	**1,579**	203	–	**1,376**
Contingency Infrastructure Maintenance	145	–	–	–	–	**145**	137	**8**	–	–	**8**
Asbestos Waste Disposal	448	–	200	–	–	**648**	47	**601**	448	–	**153**
Fiscal Stimulus Parish Project	1,252	–	(83)	–	–	**1,169**	587	**582**	582	–	**–**
Clinical Waste Refurbishment	1,000	–	–	(558)	–	**442**	332	**110**	–	–	**110**
New Public Recycling Centre	2,050	–	–	4,588	–	**6,638**	362	**6,276**	2,517	–	**3,759**
Bottom Ash Recycling	1,538	–	–	(1,538)	–	**–**	–	**–**	–	–	**–**
Scrap Yard Infrastructure	1,025	–	–	–	–	**1,025**	115	**910**	17	–	**893**
EFW Replacement Assets	1,136	681	–	–	–	**1,817**	786	**1,031**	890	–	**141**
Road Safety Improvements	–	635	108	–	–	**743**	–	**743**	287	–	**456**
Infrastructure	41,274	11,097	1,056	(4,736)	–	**48,691**	37,159	**11,532**	7,855	–	**3,677**
Transport and Technical Services Total	**250,221**	**38,139**	**1,661**	**–**	**–**	**290,021**	**225,533**	**64,488**	**17,867**	**17**	**46,604**

B) RECONCILIATION OF CAPITAL APPROVALS (CONTINUED)

	Previous Approvals £'000	2015 Allocation £'000	Revenue to Capital transfers £'000	Other Transfers £'000	Disposal Receipts Applied £'000	Total Capital Budget £'000	Previously incurred Expenditure £'000	Total Available Capital Budget £'000	2015 Capital Expenditure £'000	Returns to the Consolidated Fund £'000	Unspent Capital Approvals as at 31 Dec 15 £'000
Treasury and Resources											
On behalf of Education, Sport and Culture											
St Martin's School	7,732	–	–	–	–	**7,732**	5,052	**2,680**	1,926	–	**754**
Youth Service Works – Various	3,028	–	(2,113)	–	–	**915**	1,936	**(1,021)**	(1,021)	–	**–**
Grainville (Phase 4)	4,558	–	–	–	–	**4,558**	4,521	**37**	–	37	**–**
Additional Primary School Accommodation	8,188	2,134	–	–	–	**10,322**	1,395	**8,927**	4,736	–	**4,191**
Les Quennevais Replacement School	320	–	–	–	–	**320**	199	**121**	118	–	**3**
Crabbe Silver Jubilee Works	926	–	–	–	–	**926**	924	**2**	–	–	**2**
Victoria College Capital Project	1,299	–	–	–		**1,299**	1,163	**136**	9	62	**65**
Archive Storage Extension		–	–	60	–	**60**	–	**60**	12	–	**48**
FB Fields Running Track	810	–	–	–	–	**810**	766	**44**	29	–	**15**
Les Quen Artificial Pitch	650	–	–	–	–	**650**	649	**1**	(1)	–	**2**
On behalf of Health and Social Services											
A&E/Radiology Extension (Phase 2)	1,982	–	–	–	–	**1,982**	1,961	**21**	5	16	**–**
Oncology Extension and Refurbish	3,332	–	–	–	–	**3,332**	2,868	**464**	(262)	–	**726**
Intensive Care Unit Upgrade	2,500	–	–	–	–	**2,500**	2,301	**199**	(95)	200	**94**
Main Theatre Upgrade	6,483	–	–	–	–	**6,483**	416	**6,067**	2,603	–	**3,464**
Clinique Pinel Upgrade	2,868	–	–	–	–	**2,868**	2,839	**29**	(69)	–	**98**
Limes Upgrade	38	1,662	(41)	–	–	**1,659**	38	**1,621**	(38)	500	**1,159**
Future Hospital	10,114	22,700	(48)	(150)	–	**32,616**	1,315	**31,301**	3,117	–	**28,184**
Replacement General Hospital – Feasibility	350	–	–	(350)	–	**–**	1	**(1)**	(1)	–	**–**
Mental Health Facility Overdale – Feasibility	350	–	–	–	–	**350**	–	**350**	–	–	**350**
Relocation Ambulance and Fire – Feasibility	100	–	–	–	–	**100**	5	**95**	–	–	**95**
Adult Care Homes	4,000	–	–	–	–	**4,000**	64	**3,936**	113	–	**3,823**
Children's Homes	2,075	–	–	–	–	**2,075**	997	**1,078**	3	–	**1,075**
Autism Support	1,066	–	–	–	–	**1,066**	338	**728**	486	90	**152**
Replacement General Hospital – Planning	500	–	–	(500)	–	**–**	–	**–**	–	–	**–**
Integrated Assessment and Intermediate Care	500	–	(100)	–	–	**400**	22	**378**	378	–	**–**

B) RECONCILIATION OF CAPITAL APPROVALS (CONTINUED)

	Previous Approvals £'000	2015 Allocation £'000	Revenue to Capital transfers £'000	Other Transfers £'000	Disposal Receipts Applied £'000	Total Capital Budget £'000	Previously incurred Expenditure £'000	Total Available Capital Budget £'000	2015 Capital Expenditure £'000	Returns to the Consolidated Fund £'000	Unspent Capital Approvals as at 31 Dec 15 £'000
On behalf of Home Affairs											
Prison Improvement Phase 4	9,881	–	–	–	–	**9,881**	9,769	**112**	41	–	**71**
Police Relocation (Phase 1)	25,089	–	(150)	–	–	**24,939**	3,441	**21,498**	7,943	–	**13,555**
Other Projects											
Relocation of Sea Cadets	107	–	–	–	–	**107**	–	**107**	–	–	**107**
Public Markets Maintenance	3,463	–	13	–	–	**3,476**	1,957	**1,519**	762	–	**757**
Integrated Property System	305	–	–	–	–	**305**	227	**78**	29	–	**49**
Tax Transformation Prog and IT Systems	1,200	–	45	–	–	**1,245**	742	**503**	119	–	**384**
Office Rationalisation	1,719	–	–	–	–	**1,719**	1,604	**115**	39	–	**76**
Demolition Fort Regent Pool	750	–	–	–	–	**750**	–	**750**	10	–	**740**
ITAX Development – Taxes Office	1,208	–	124	–	–	**1,332**	1,208	**124**	104	–	**20**
Treasury and Resources Total	**107,491**	**26,496**	**(2,270)**	**(940)**	**–**	**130,777**	**48,718**	**82,059**	**21,095**	**905**	**60,059**
Non Ministerial States Funded											
Magistrates Court	9,289	–	–	(118)	–	**9,171**	9,171	**–**	–	–	**–**
Non Mins – Minor Capital	1,202	–	–	127	–	**1,329**	236	**1,093**	390	24	**679**
Non Ministerial States Funded Total	**10,491**	**–**	**–**	**9**	**–**	**10,500**	**9,407**	**1,093**	**390**	**24**	**679**
Total	**430,958**	**74,844**	**(2,360)**	**(931)**	**–**	**502,511**	**333,701**	**168,810**	**45,609**	**1,627**	**121,574**

C) RECONCILIATION OF MOVEMENT IN UNALLOCATED CONSOLIDATED FUND BALANCE

	2015 £'000	2014 £'000
Opening Balance	**72,366**	**67,091**
Net General Revenue Income	691,744	657,033
Net Revenue Expenditure – Near Cash	(697,031)	(674,163)
Transfer of Housing Underspend to Andium	–	(2,265)
Add Back: Carry Forwards from 2013/2014	22,977	38,217
Add Back: Additional Allocations	234	1,033
Remove: Transfers between Capital and Revenue		
Rephasing of Capital	–	7,820
Other	2,360	(10,963)
Approvals Carried Forward:		
Departmental Carry forwards	(19,073)	(13,011)
Carry forward of Contingency	(10,075)	(9,966)
Capital Approval in the Year	(74,844)	(65,192)
Transfer to Jersey Fleet Management for Asset Replacement	(300)	(1,500)
Other Capital Funding Sources		
Funding from the Central Planning Vote	1,500	500
Funding from Strategic Reserve for new Hospital	22,700	10,200
Funding from Currency Fund	25,494	3,000
JPH Receipts Applied	3,015	2,874
Return from Andium	–	38,490
Transfers from:		
Dwelling House Loan Fund	–	6,914
Insurance Fund	–	2,500
Stabilisation Fund	–	1,058
Currency Fund	–	3,500
Jersey Car Parks	–	2,635
Housing Development Fund	6,120	–
Strategic Reserve	14,000	–
Returns to the Consolidated Fund		
COCF Funding previously spent from Consolidated Fund	215	6,400
Unspent Capital	1,627	–
Other Movements	1,625	161
Fund Movement	**(7,712)**	**5,275**
Closing Balance	**64,654**	**72,366**

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